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# AN EVALUATION OF ONLINE SERVICE FAILURES AND RECOVERY STRATEGIES IN THE UK FASHION INDUSTRY

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**UNIVERSITY OF  
PLYMOUTH**

**AN EVALUATION OF ONLINE SERVICE FAILURES  
AND RECOVERY STRATEGIES IN THE UK FASHION  
INDUSTRY**

By

**SAMUEL BAAH AYERTEY**

*A thesis submitted to the University of Plymouth in partial fulfilment for  
the degree of*

**DOCTOR OF PHILOSOPHY**

**Plymouth Business School  
University of Plymouth**

**September, 2018**

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## **DEDICATION**

I dedicate this humble first attempt at scholarly work to my family, Cynthia, Samuela, Michael and Janet and to my supervisors, Professor Kerry E. Howell and Professor Wilson F. Ozuem.

## ABSTRACT

*The emerging digital economy has brought about new paradigms for retailing. Consumers across the world face new opportunities and challenges as the Internet, the driving force of the new economy, has given rise to online fashion retailing as a new and increasingly popular way for retailers to sell clothing in the twenty-first century. Along with this opportunity comes the challenge of identifying and rectifying service failures. In spite of a proliferation of the number of studies on service failure and recovery in e-service settings, there is a paucity of knowledge in terms of how service failure and recovery practices are implemented in the fashion industry. The purpose of this study is to examine service failure and recovery strategies that are particularly effective in online marketing environments. As such, the conceptual framework that governs this research focuses on outcome- and process-related service failure and perceived justice theory. The specific focus of the study is the UK fashion industry. Due to the absence of touch-and-feel experiences that traditionally define the retail sector, and the absence of a salesperson in online retailing environments, the potential for service failure is amplified.*

*Using a grounded theory methodology, data were collected via a series of semi-structured interviews and open-ended questionnaires with customers who had recent experiences of online shopping. These participants provided insights into online service failures and generated ideas about recovery performances in the UK fashion industry. Interviews were not audio-taped since permission to do this was not obtained. Instead, hand-written notations were taken and later analysed using the three-stage grounded theory approaches of open, axial and selective coding. The interviews were informed by the questionnaires which were designed to sensitise and gain access to participants, and these subsequently guided the semi-structured interviews that followed. Through a constant comparative method of open coding of interviews and questionnaires, eight open categories with unique attendant properties and dimensions emerged and these were subsumed into six main categories as a consequence of axial coding. The paradigm model was used to establish relationships amongst the categories. This formed the basis for selective coding which identified the core category and its relationships with the sub-categories and these were verified to develop a substantive theory of service failure and service recovery strategies.*

*The practical implications highlighted by the study include the need for service managers to design online recovery strategies that meet customer needs in terms of interactional justice. The commitment to developing bespoke recovery strategies rather than applying standardised emails and texts that communicate politeness, concern and empathy to customers, and training customer services staff to provide live chat services to deliver interactional justice will ensure that customers are satisfied with online service recovery. Managerially, this study will benefit practitioners in many ways. Employees will be aware of the aspects that should be taken into consideration in recovering service failure. Employees can use the observations here to offer fair compensation, user-friendly procedures and effective communication to online fashion customers in the event of service failure. This will mitigate rates of dissatisfied customers switching to other online fashion retailers, and customers will appreciate proactive actions taken to recover failed service. The study builds upon previous research and fills a knowledge gap since it is the first of its kind to attempt systematically to combine service failure and service recovery literature together with perceived justice theory and, grounded theory to study customer evaluations of service failure and recovery. It is the first thesis to offer relevant recommendations to online fashion retailers that are informed by the approach described here. The substantive theory demonstrates that technology-mediated communications function as effective online service recovery strategies. Customer perceptions of fairness towards service failures and recovery strategies can improve customer satisfaction, reduce customer switching behaviour and encourage positive customer behavioural intentions. The study contributes to a new approach to better understanding the dynamics of service failures and recovery strategies in the service industry.*

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Samuel Baah Ayertey

## AUTHOR'S DECLARATION

At no time during the registration for the degree of Doctor of Philosophy has the author been registered for any other University award without prior agreement of the Doctoral College Quality Sub-Committee.

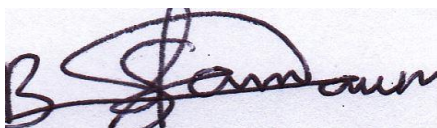
Work submitted for this research degree at the University of Plymouth has not formed part of any other degree either at the University of Plymouth or at another establishment.

The following activities were undertaken in connection with the programme of the study:

- Attended the first postgraduate conference at the University of Plymouth during the 2013/14 academic year.
- Attended and completed the General Teaching Associates (GTA) Certificate during the 2013/14 academic year, University of Plymouth.
- Achieved a Postgraduate Certificate in Research Methodology during the 2013/14 academic year, University of Plymouth.
- Attended and completed the PGCAP 600 course during the 2015/16 academic year, University of Plymouth.
- Participated in the Seventh Scientific International Conference in Kosovo, 2014 and presented a conference paper on 'Competing on service recovery strategies in the UK online fashion storefront'.
- Participated in the Global Business and Technology Association (GBATA) conference and presented a paper titled 'Linking service failures to customer satisfaction' at the Nineteenth Annual International Conference held in Vienna, Austria, 2017.
- Participated in the Global Business and Technology Association (GBATA) conference and presented a paper titled 'SERVICE FAILURE AND RECOVERY STRATEGY IN COMPUTER-MEDIATED MARKETING ENVIRONMENTS' at the 20th Anniversary Annual International Conference held in Bangkok, Thailand, 2018.
- Authored a book chapter titled 'Developing compelling online recovery strategies: Implications for the fashion clothing industry' in *Digital Marketing Strategies for Fashion and Luxury Brands* (pp. 264-288). IGI Global, 2018.

- Attended various Researcher Students' Skills Development Programmes held at the University of Plymouth from 2013 to 2018, as follows
  - ❖ Research Methods – Owning and Using
  - ❖ Introduction to Spss
  - ❖ Nvivo
  - ❖ Presenting to an audience part 1
  - ❖ Overview to searching and accessing information resources
  - ❖ Getting the most from Public Engagement
  - ❖ The Transfer Process
  - ❖ Endnote for beginners
  - ❖ Excel 2010: Introduction to essential features, sorting, filtering and pivot table reports
  - ❖ Making progress in your research degree – avoiding defeatism and self-sabotage
  - ❖ Effective Reading: Proactive, creative and reflexive reading
  - ❖ Preparing to submit on Pearl including Copyright and Open Access
  - ❖ Research Methodology, Introduction to qualitative research methods
  - ❖ Writing up and completing thesis
  - ❖ Developing professional writing skills for the PhD
  - ❖ Writing for a research publication
  - ❖ Preparing for viva
  - ❖ Word structuring for thesis

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**Samuel Ayertey**

**September, 2018**

## **LIST OF ABBREVIATIONS**

ATMs: Automated Teller Machines  
CGT: Constructivist Grounded Theory  
CSR: Corporate Social Responsibility  
EWOM: Electronic Word-of-Mouth  
GT: Grounded Theory  
GTM: Grounded Theory Methodology  
ICT: Information and Communication Technologies  
IMC: Integrated Marketing Communication  
IT: Information Technology  
NWOM: Negative Word-of-Mouth  
ORSF: Outcome Related Service Failure  
PRSF: Process Related Service Failure  
RBS: Royal Bank of Scotland  
SEM: Structural Equation Modelling  
SEO: Search Engine Optimization  
SRP: Service Recovery Paradox  
UKCSI: United Kingdom Customer Satisfaction Index  
WOM: Word-of-Mouth

# **CHAPTER ONE**

## **INTRODUCTION TO THE STUDY**

### **1.1 Enquiry overview**

This chapter introduces the background to the research and offers an overview of the UK fashion industry and the issues which led to its initiation. It justifies the rationale for the study and introduces the research aims and objectives as well as the research questions. It outlines the context of the research and presents the structure of the thesis by briefly explaining the content within each chapter.

Chapter 2 reviews the pertinent literature in relation to the subject domain. Literature within the field of online service failure and service recovery is reviewed in detail. It also presents a review of the perceived justice theory underpinning the study, which takes account of distributive, procedural and interactional justice in relation to service recovery as well as behavioural outcomes resulting from satisfaction with service recovery.

Chapter 3 provides an orientation to the research paradigm and the methodology of the study. It explains the philosophical assumptions adopted by the researcher during the research process. Two key research paradigms, specifically logical positivism and phenomenology, are discussed along with other major research paradigms. Each of the research paradigms was examined in relation to the philosophical assumptions. The study adopted a combination of phenomenology and constructivism together with grounded theory due to its suitability for the study's objectives. It describes the research approaches and selects grounded theory as a fitting methodology compatible with the research paradigm, based on the nature of the research questions. As far as data collection tools were concerned, the undertaking of research proceeded based on two primary research methods commonly associated with grounded theory: survey questionnaires and interviews. The chapter also explored grounded theory in terms of its historical background, different versions, limitations and uses.

Following the critical literature review and research methodology section, Chapter 4 follows with a critical review of Choi and Choi's (2014) traditional three-dimensional



model and discusses the rationale behind the decision to adopt and advance the model within this study.

Chapter 5 provides the results of the study. Firstly, it outlines the methods of data collection and coding procedures carried out for this study. It presents the theoretical sampling and data collection techniques that best fit the qualitative grounded theory methodology that was adopted. The justification for the choice of survey technique and semi-structured interviews is explored. Semi-structured interviews and surveys were the main instruments of data collection. A survey was used to gain access to potential interviewees and to inform the interview process. The chapter concludes with an examination of the grounded theory procedures of open coding, selective coding and axial coding as these apply to the data collected in this study.

In addition, the chapter introduces open coding analysis based on semi-structured interviews and survey questionnaires. It outlines how open coding procedures were applied to the semi-structured interview process and the questionnaire. Through the application of open coding procedures to the semi-structured interview data and questionnaire, eight (8) open categories emerged and were analysed along with their properties and dimensions based on the interview questions. A discussion and a summary of the open categories in terms of their properties and dimensions are presented.

Furthermore, the chapter outlines how axial and selective coding were used to develop a substantive theory of service failure and recovery. Six (6) main categories were identified, based on the relationship between the eight (8) categories that emerged during the open coding process. Some of the main categories subsumed a combination of open categories. Through the application of the paradigm model, the relationships between the main categories were established. The process of identifying the major categories which form the basis for the selective coding was also examined. Selective coding was used to integrate, interpret and refine the major categories and their sub-categories to form a story line that describes the phenomenon. Selective coding began with the identification of the core category and the relationship between the other sub-categories (major categories) to build substantive grounded theory.

The final chapter, Chapter 6, presents the conclusion to the research and offers a discussion of the substantive theory in relation to the formal theories and meso-theories. An overview of the significant contribution of this research is presented along with the author's own thoughts and reflections on the research area. Finally, for the purpose of extending understanding in this area of research, the limitations of the study are discussed, and recommendations are made for future research.

## **1.2 Setting the stage**

In the service provision process, it is very difficult for firms to eliminate all failures. Even firms that are clearly customer-oriented and offer high levels of excellence can experience failures in service provision (del Rio *et al.*, 2009). Several recent studies indicate that, in spite of companies investing in service quality improvements, incidences of service failures, complaints and dissatisfaction are still very high (Martin, 2012; Consumer Reports, 2012; Data Monitor, 2012) and are a salient concern for service firms (Kumar *et al.*, 2014). The inseparable and intangible nature of services makes it difficult for service providers to avoid service failure during service delivery (Chebat & Slusarczyk, 2005; Cambra-Fierro, Melero-Polo, & Sese, 2015). From a customer's perspective, a service failure is any situation where something has gone wrong, regardless of responsibility. The inseparability of high-contact services means that service failure cannot normally be hidden from the customer (Palmer, 2014).

Failures occur for all kinds of reasons, and possible failures include credit/debit card overcharges, poor customer service support, inadequate employee behaviours, system design flaws, problematic products and delays (Forbes *et al.*, 2005; Pizzutti & Fernandes, 2010). For instance, BT was issued with a £42m fine from telecoms regulator Ofcom and had to also pay £300m to corporate customers for delays in installing high-fibre optic lines (BBC News, 2017). In light of the immediacy with which information can be shared on the Internet and social media sites such as Facebook and Twitter, the potential reach of such dissatisfied customers is even greater (Lariviere *et al.*, 2013). A customer's negative experience can 'go viral' and rapidly spread in real-time to millions of people due to the immediacy, anonymity, accessibility, long-term availability, and significant reach of the Internet and its ability to convey data to potential audiences. Organisational reputations are therefore increasingly at stake (Tripp & Gregoire, 2011).

Customers experiencing service failure can also convey their dissatisfaction to others through negative word-of-mouth communication (NWOM) and a negative sentiment towards the offending service provider. This can adversely impact upon customers, profits, and even company reputations (Cri  , 2003; Kim *et al.*, 2010; Lin, Wang, & Chang, 2011). Furthermore, such service failures can have negative consequences for service firms. These include the costs of poor complaint handling and compensating customers. For instance, the Royal Bank of Scotland (RBS) group in March 2013 paid out  125 million as compensation to customers who experienced disruption to their banking services (Saigol, 2013). From a customer perspective, new service offerings have increased choice and availability, and customers are ready to defect if the service is below expectation where they can and will probably never return.

When service failures occur, some customers may overlook these events and avoid spending time and energy on complaints (Anton *et al.*, 2007). Other customers may lodge a complaint in order to obtain redress for the inconvenience caused. Furthermore, research indicates that only between 5 and 10 per cent of customers who are dissatisfied with a service offering complain (Hess, 2008). In the 'silent dissatisfied' there are many who are content simply to defect from a service company and purchase services elsewhere in future. More than half of customers who complain feel worse about the provision of services after the submission of their complaint because of the way their problems are addressed (Hart, Heskett, & Sasser, 1990). Indeed, issues related to unsatisfactory complaint handling are topical amongst service firms as evidenced by media reports (BBC News, 2015). For instance, EE, the UK's largest mobile phone operator, has been fined  1m by the regulator Ofcom for breaching rules in relation to handling customer complaints. Ofcom said that between 2011 and 2014, EE failed to provide its customers with detailed information about their right to take complaints to an independent body. Effective handling of customer complaints, however, can save time and the financial resources of service firms by averting further complaints and the intensification of dissatisfaction (Parliamentary and Health Service Ombudsman, 2009). Moreover, when customer complaints are well-resolved and the relationship between the firm and the customer is improved, this can lead to improvements in terms of customer satisfaction, trust and commitment to the firm (Weun *et al.*, 2004; Pina e Cunha *et al.*, 2009). Numerous researchers, including Keaveney (1995) and Surachartkumtonkun, Patterson and McColl-Kennedy (2013),

also highlight the detrimental impacts that poor response to customer complaints can have in terms of brand image, competitiveness, and brand reputation.

In response to service failures, firms endeavour to deliver service recovery, which involves any effort aimed at rectifying service failure (Andreassen, 2001; Huang & Lin, 2011). For instance, TalkTalk offered free upgrades to customers after a recent cyber attack (BBC News, 2015). The firm said that the giveaway was an apology and a gesture of thanks to customers for their understanding when criminals accessed details of their bank account numbers. Yet the ineffectiveness of current practices in service recovery management is mirrored in customer satisfaction, such as in the case of the United Kingdom Customer Satisfaction Index (UKCSI) which shows that customer satisfaction with services decreased from 78.2 per cent in 2013 to 77.4 per cent in 2016 due to unsatisfactory complaint handling (The Institute of Customer Service, 2017). The number of customers escalating a complaint has increased substantially, from 41.4 per cent to 48.6 per cent (*ibid.*). Service failure, service recovery and complaining behaviour are therefore intrinsically related issues. In 2015, an independent voice for consumers of financial services, set up to represent the interests of consumers, lists several of its aims including one that states: 'Complaints handling is accessible, quick, fair and free to the consumer; and redress is set appropriately and provided promptly' (Financial Services Consumer Panel Report, 2015, p. 7). The significance of making sure that fair complaint handling is available is clear. The panel highlights that redress should be appropriate and provided in a prompt way. Nonetheless, the annual report does not give details of what appropriate redress involves.

Most customers who encounter a service failure anticipate service recovery (Holloway & Beatty, 2003; Kuo & Wu, 2012). Similarly, when service failures occur, customers expect effective responses and recovery from the service provider in a timely manner. Customers who recover from unsatisfactory service experiences tend to spread positive word-of-mouth, maintain loyalty to the business and repurchase the service in the future (de Matos *et al.*, 2009; Eccles & Durand, 1998). Furthermore, effective recovery efforts may lead to a service recovery paradox whereby post-recovery satisfaction becomes greater than the satisfaction before the failure (Karande *et al.*, 2007; McCollough *et al.*, 2000). In contrast, inadequate responses to customer

complaints about service failures can be detrimental to a company's bottom line (Hultén, 2012).

Extant literature on service failure and recovery has demonstrated that service firms proactively seek to identify the nature of consumer complaints and effective service recovery (Ward & Ostrom, 2006; Berry & Seiders, 2008; Shimp & Andrews, 2012). Knowledge about passive customers who are dissatisfied, and the recovery paradox, is highly dependent on context and situation. Extant literature on service failure and recovery tends instinctively to adopt existing recovery strategies in traditional marketing programmes into the electronic environment. In the light of these issues, it could be said that the success of a firm's strategies in service failure and recovery in the brick and mortar environment does not easily translate to online marketing environments. One difference is that the online shopper's interactions take place on a computer screen and not as part of a personal interaction, which makes it easier for misunderstandings to occur (Holloway & Beauty, 2003). Even though service recovery is harder to perform in an online context, to create satisfaction it is of importance that online retailers consult their customers to understand what they expect if a failure occurs (Harries *et al.*, 2006). Mattila *et al.* (2009) further argue that it is important to gain a richer understanding of how customers perceive technology-related service failures and recoveries given the growth of online shopping. Holloway *et al.* (2005) suggest in this respect that customer perceptions, attitudes and behaviours are evolving because of this.

At the core of this problem is the need to have a better understanding of customer evaluations of service recovery efforts, and this forms the central theme of the present study. There is a consensus amongst scholars that service recovery and complaint handling are important issues for developing academic research and for informing practice in the area of service recovery management (Joireman *et al.*, 2013; van der Heijden *et al.*, 2013). The focus of this thesis is an examination of the nature of online service failures and recovery strategies in the context of UK online fashion retailers.

### **1.3 Background of the study**

Over the past 30 years, fashion retailing, an innovative, dynamic and challenging industry, has undergone immense changes, with the United Kingdom remaining at the forefront. As a result, this phenomenon has received considerable academic scrutiny

(Doherty, 2000), particularly, but not exclusively, with reference to branding (Birtwistle & Freathy, 1998). Bhardwaj and Fairhurst (2010), amongst others, have recently studied consumer responses to the fast fashion sector, and have discovered significant issues where its development is concerned. They assert that the fashion clothing industry has evolved significantly, principally during the last two decades (*ibid.*). Christopher, Lowson, and Peck (2004) identified problems with the ways in which fashion is consumed, and they note issues concerning quality and innovation, with the market becoming ever more demanding. This becomes evident in the demand for greater variety and more informed styles, which are more economically priced than ever before (Fernie, Maniatakis, & Moore, 2009). Further, Doyle, Moore, and Morgan (2006) and Mollá-Descals, Frasset-Deltoro, and Ruiz-Molina (2011) note the changes to the dynamics and increasing complexity of the fashion industry. Characteristic of such changes is a reduction in requirements for manufacturers of large quantities, and a larger number of fashion 'seasons'. Other features include improved organisation of supply chains, leading businesses to opt for models that can be delivered flexibly and quickly and produced at lower cost.

The internal and global importance of the UK fashion industry is underlined by London, which is amongst the top four world fashion centres along with Paris, New York and Milan (Jackson & Shaw, 2006; Retail Week, 2017; Ayertey & Ozuem, 2018). Jackson and Shaw (2006) particularly commented on London's and Birmingham's fundamental creativity and keenness in pursuing the latest trends. They note that these cities are centres of luxury and fashion, attracting extensive traditional and virtual mass media, keen-eyed followers, enthusiasts and professionals. London Fashion Week, which takes place in February and September, is an example, as is the existence of the London College of Fashion. The show is a city-wide celebration of fashion with Topshop and Burberry among the major British brands. In 2015 the event had exposure to over half a million mentions and shares on social media. Topshop, a giant UK fashion business, is of global significance. In terms of business, the fashion industry represents an important part of the national economy, with UK clothing and footwear sales reaching £48.55 billion in 2007 (Key Note, 2008).

According to Mintel (2015), online fashion accounted for £12.4bn worth of consumption in the United Kingdom, representing a rise of over 15 per cent as compared with the figure of £10.7bn for 2014, while the UK trade in accessories

accounted for £2.7bn, a 3.4 per cent increase over the figure for 2014. Mintel (*ibid.*) further predicted that the UK online fashion market would grow to £19bn by 2019. Oxford Economics (2016) published data produced by the British Fashion Council showing significant increases in the UK fashion industry's contribution to the United Kingdom economy, rising by 22 per cent from £21bn in 2009 to £26bn in 2014. By definition, 'experience' goods, for example clothing and footwear, are characterised by intangibility (Hassanein & Head, 2005; Sender, 2014) as well as difficulty in establishing the characteristics of the product (e.g. quality or price) until it has in fact been sold (Nelson, 1974; Weathers, Sharma, & Wood, 2007). The absence of sales staff in online sales further complicates online service experiences, increasing the scope for service failures. Further important factors in this sense are the wide variety of merchandising mechanisms and demands by customers for online interactive assistance (which may also be psychological) from staff (Kunz, 2005). Yet the wide range of communication mechanisms and technology used by online marketers is required to stimulate clientele to buy before they make their own individual evaluation of the product. Customers can, indeed, go to a physical store, a bricks-and-mortar establishment, to review products for quality, size and fit, particularly if the retailer is a large global concern. However, for pure-play fashion sellers this is not possible – the situation is not the same and represents a serious disadvantage. Marketing visually is very difficult to achieve, and there is no direct contact with store staff. What this means is that, in order to compete with physical stores, pure-play online merchants must evolve perfect presentations of their products for their potential customers. In other words, a clear and thorough understanding of how different media affect customers' shopping experiences is essential.

Yang and Young (2009) affirm that purchasers of fashion are firmly convinced that the only way to buy is in a physical store, since their inspiration is a response to their senses (Mintel, 2009). Yang and Young (2009) also assert that, increasingly, fashion e-businesses perceive the necessity of developing features for the online customer to interrelate with the product, thus attempting to remove or reduce the risks associated with purchasing fashion online. Cho and Workman (2011) note that among the aspects that concern online customers are the appearance of the fashion item when worn, including with other items, and a range of information regarding the appeal of the item, as well as the need to appeal to the customers' senses. These imponderables are the

root of concerns about the ability of retailers to be able to sell clothes online. A BBC report (2016) affirms that most online clothes shoppers send something back, thus suggesting that individuals like to feel and see garments before purchasing.

In spite of 'self-service' when shopping online, a company is, in actual fact, responsible for shifting the customer back to the satisfied state. The reception of prompt recovery is thus crucial in reducing the level of stress experienced by the consumer after discontent when shopping online. The World Wide Web is a valuable tool in communicating service and value to consumers, but it also operates in a highly competitive environment. Customers' decisions about entering into and maintaining a long-term relationship with a company are largely driven by their assessment of the core service they will receive (Ozuem & Lancaster, 2014).

Additionally, through the growth of pressure groups, service failure without recovery can be broadcast through social media such as Facebook, Instagram and Twitter. The online community is well informed about company activities (Kerr *et al.*, 2012; Dahlen *et al.*, 2010). Therefore, failing to recover from customer dissatisfaction may lead to potential customers choosing other competitors. Service recovery after failure may be seen as one of the most essential strategies in ensuring sound company reputation, encouraging consumers to communicate positive feelings about a company (Ringberg, Odekerker-Schroder, & Christensen, 2007; Hui *et al.*, 2011).

#### **1.4 Rationale for the study**

With advances in modern information and communication technologies (ICT), infrastructures have remarkably changed the way in which customer-firm interactions take place and services are delivered. Through the use of modern technology, services can be provided over long distances and without the physical presence of customers and employees (Schumann, Wunderlich, & Wangenheim, 2012). Consumers are increasingly becoming familiar with online services and technology-mediated interactions, as they may offer the advantage of faster delivery and more convenient cost- and time-saving services than offline businesses. With continued rapid developments in the field of modern information and communications technology (ICT), more and more services will be delivered by means of technology mediation. In the United Kingdom alone, recent estimates show that 87 per cent of consumers have Internet broadband connections at home and there are plans to make superfast



broadband accessible to 95 per cent of all households by 2017. When asked, 90 per cent of consumers reported having shopped online in the previous three months (Intel, 2015). In the online retail sector, sales of clothing and accessories were estimated to have reached the value of £10.7 billion in 2014, equivalent to more than 17 per cent of total spending on clothing and accessories. The Internet therefore provides unmatched opportunities for retail businesses.

However, online retailers work with third parties, including logistics companies, to deliver their services and products to customers. As this introduces yet another element into the chain of processes, it increases the likelihood of failures, such as delivery difficulties (Forbes *et al.*, 2005; Harris *et al.*, 2006). In addition, the absence of an in-store sales assistant, together with the sense of powerlessness caused by product uncertainty and low retailer visibility increases the perceived risks associated with online purchasing. What this means is that in online sales there are likely to be more service failures since what is delivered sometimes fails to meet what the client expects, and more complaints are therefore generated than in offline retailing decisions (Alba *et al.*, 1997; Luo, Ba, & Zhang, 2012).

To develop upon this argument, a growing body of research has amassed around the increasing importance of the Internet for consumer purchasing. Academics and practitioners have been focusing on online service failure and recovery strategies in particular since 2002 (Holloway & Beatty, 2003; Forbes, Kelly, & Hoffman, 2005; Ozuem & Lancaster, 2014). The debate has also won the attention of academics of diverse disciplines that bring enlightenment to service recovery strategies, including the financial sector (Michel, 2001), online retailers (Wang, Wu, Sh., Lin, & Wang, 2011), restaurant services (Mattila, 1999; Tsai *et al.*, 2014), business in general (Choi & Mattila, 2008; O’Keeffe, Ozuem, & Lancaster, 2016; Ozuem, Limb, & Lancaster, 2016), marketing (Sivakumar, Li, & Dong, 2014), consumer behaviour (Argo, White, & Dahl, 2006) and the service industry (Chuang, Cheng, Chang, & Yang, 2012).

In addition, studies into online service failure and recovery strategies have illuminated issues in relation to online service failures and have classified the related phenomena into several typologies (Forbes, Kelly, & Hoffman, 2005; Kuo, Yen, & Chen, 2011). Further attention has been given to the effects of online service failure and recovery strategies on traditional offline encounters, with hardly any antecedents in online

failures being studied (Kuo, Yen, & Chen, 2011; Wang, Wu, Lin, & Wang, 2011). Such epistemological directions limit the promise and favourable circumstances inherent in the selling of goods on the Internet (Ozuem, Howell, & Lancaster, 2008). Understanding service inadequacy depends on individual expectations, so approaching the ontology of customers where failure and recovery processes are concerned should be contextual, rather than generic or standardised. Recently, as identified by McColl-Kennedy and Sparks (2003) and Tax, Brown, and Chandrasherakan (1998), justice and fairness theory has focused on increasing knowledge about service failure and recovery. The principles of justice theory hinge on equal fairness measured by all parties in a society (Mandle, 2009). Meanwhile, Zhu, Nakata, Sivakumar, and Grewal (2013) wanted to comprehend customer perceptions of what causes service failure (such as whether it is the customer's or the service provider's mistake) with the help of attribution theory.

Diverse efforts are made to reach a settlement between customers and the service provider when a failure arises. This begins with unidentified customer complaints which hold back service providers who attempt to understand customer conceptualisations of failure, leading the service providers to view customers as 'heterogeneous' (Sivakumar, Li, & Dong, 2014) in terms of their recovery strategy expectations. Similarly, Bougie, Pieters, and Zeelenberg (2003) contend that 'most dissatisfied customers generally do not bother to complain' (p. 390), positioning service providers in a situation whereby they do not realise the need to make recovery strategies available. The matter seems to be even more intricate in terms of online encounters. Scholars and practitioners have unquestionably enriched the service discipline, although there is, as yet, no satisfactory definition of the service concept in terms of failure and recovery strategies. Whereas a majority of research has investigated service failure and recovery in conventional services (Ha & Jang, 2009; Shapiro *et al.*, 2006; Thwaites & Williams, 2006), the utilisation of justice theory to investigate how customers respond in terms of their satisfaction after recovery, and their behavioural intentions in online settings, has been scant (Wang, Wu, Sh., Lin, & Wang, 2011).

Empirical research on consumer perceptions of online service failure and recovery, however, is surprisingly scarce, even though service failures, both online and offline, are inevitable events for service firms. Importantly, online service failures can have a

negative impact on the profitability of service firms. The findings of Jasper and Waldhart (2013) show that consumers using the Internet as a purchase channel are more likely to complain than consumers using traditional channels, and they do so through online rather than through traditional channels. In addition, Lee and Cude (2012) demonstrate that online complaining among web shoppers increases with the degree of perceived displeasure. For consumers, the Internet offers a platform where complaining is effortless yet impactful, wherein a wide and geographically dispersed audience can be reached. Moreover, online consumers spread their stories about experiences faster, to more people and these remain accessible for longer periods of time (Bijmolt *et al.*, 2014). This impacts significantly on other consumers' decision-making (Black & Kelley, 2009). Compared to offline, switching is also easier on the Internet, where customers can browse and look for alternative providers with the click of a mouse button. Given the above background, gaining an understanding of how to manage online service failures effectively is crucial to the success of firms operating in an online environment. Extant research mainly investigates customer reactions to service failure and recovery encounters taking place at brick-and-mortar outlets. Studies in this domain stress the importance of fair (or just) service recovery in restoring customer satisfaction following offline service failures (Sparks & McColl-Kennedy, 2001; del Rio *et al.*, 2009; Roschk & Kaiser, 2013; Ozuem, Borrelli, & Lancaster, 2017). Studies focusing on service failures in virtual outlets examine how such negative encounters are rectified by offline service recovery (e.g Harris *et al.*, 2006).

Drawing on previous studies (Chebat & Slusarczyk, 2005; DeWitt *et al.*, 2008), Choi and Choi (2014) investigate the links between customer affection and other constructs, such as customer justice perception, customer loyalty, and word-of-mouth (WOM) in the context of service failure and recovery encounters. They suggest that procedural and interactional justice perceptions significantly influence customer affection, and distributive justice perceptions are significant only if the severity level is high. They further suggest that customer affection greatly influences word-of-mouth both directly and indirectly via customer loyalty. The findings imply that service recovery efforts should be viewed as a strategy to build a long-term relationship with customers, rather than just offering a short-term solution to temporarily mitigate customer dissatisfaction. Yet extant research has revealed that more than half of all attempted recovery efforts

only reinforce displeasure with a service failure (Casado-Diaz & Nicolau-Gonzalbez, 2009). Consequently, service failure continues to be depicted within unclear boundaries.

The study of Choi and Choi (2014) accentuates the analysis of service failures subject to non-monetary compensation to the affected customer. Interestingly, there is greater impact from monetary compensation when service failure is more severe, whereas there is a diminishing of the effect of monetary compensation when service failure severity is low. This study argues that customers have distinct service recovery expectations and that when a failure occurs, it is critical that service providers match the customer's expectations in the recovery effort. Unfortunately, this is rarely the case and often the service provider's recovery attempt differs significantly from the customer's recovery expectations. For instance, studies have revealed that 68 per cent of customers leave a business relationship because of a perceived attitude of indifference on the part of the company (Phelps, 2015). Instead of merely offering a standardised solution, or imposing what the service firm perceives to be the right recovery solution, firms should realise that customers have a preference about how service recovery should be conducted, and that the degree to which these expectations are met may drive satisfaction with recovery, word-of-mouth and future purchase intentions. Compared with previous studies, which have focused exclusively on the role of emotional responses, customer affection and justice perceptions after service failure and recovery (Chebat & Slusarczyk, 2005; DeWitt *et al.*, 2008, Choi & Choi, 2014), this study considers the strong link between perceived justice, customer satisfaction and insights into subsequent behavioural intentions.

To address the aforementioned research gap it is necessary to note that successful recovery strategies continue to be identified as part of the customer's cognitive stance and the way they give significance to expectations. Considering this issue, and the limited research in the fashion industry, this present study applies a constructivist perspective to develop a theoretical construct that can be useful to online service failure and recovery strategies with a specific focus on the UK fashion industry. The aforementioned rationale also informs the aims and objectives of the research conducted in this thesis, as discussed in the section below.

## **1.5 Research aims and objectives**

The purpose of this research is to contribute to a growing body of service recovery knowledge by developing an understanding of how customers evaluate a fashion retailer's response to service failures as well as perceptions of justice in service recovery, and how these affect the level of satisfaction and behavioural outcomes in the UK fashion industry. It seeks to develop an appropriate business model and methodological framework for delivering fair service recovery to restore customer-firm relationships. Thus, it provides guidelines for effectively responding to customers by establishing the proper 'fit' between a service failure and the recovery effort.

The specific objectives for this research are:

1. To examine customer evaluations of a fashion retailer's response to service failures and the interaction effects of the various dimensions of service recovery justice on customer satisfaction, WOM, repurchase intentions and complaining.
2. To review extant conceptual issues and theoretical frameworks related to service failures and recoveries, particularly in online fashion retailing.
3. To develop a conceptual framework that could improve how service failure and recovery strategies impact on customer satisfaction.

## **1.6 Research questions**

This research is an empirical investigation of online service failure and recovery strategies in the UK fashion industry. The central research question will seek to address the range of dissatisfactory experiences occurring in the online marketing environment by examining types of service failures and by evaluating the effectiveness of recovery strategies that are currently employed today. It also explores consumer reactions to the service failure/recovery. To address the central research question, the following four sub-questions are posed:

1. What types of service failures are online fashion customers experiencing, and how do they impact on customer evaluations of recovery strategies used by fashion retailers?
2. To what extent are online fashion customers engaging in complaint behaviour following a service failure experience?

3. How successfully are online fashion retailers managing their service recoveries?
4. Are customers satisfied with the attempts of online fashion retailers to recover?

The answers to each of these research sub-questions address the research objective and contribute to an integrated answer to the central research question. In terms of the first sub-question, an analysis of the qualitative data collected forms a starting point for obtaining broad insights into the types of online service failures occurring in the sector.

The second research question addresses the issue of customer complaint behaviour. It seeks to contribute to the central research by examining the extent to which online fashion customers are engaging in complaint behaviour. The categories found in answering the first and second research sub-questions were applied in an exploration of the types of online service failure and recovery practices typically employed in the fashion industry. The third and fourth research sub-questions address the extent to which online customers are satisfied with the attempts of online fashion retailers to recover failed service. The categories found seek to advance the emergence of the core category with respect to the development of a substantive theory of service recovery strategies in the UK fashion industry.

### **1.7 Context and significance: Constructivist grounded theory**

A constructivist grounded theory takes on methods of grounded theory without complying with earlier assumptions. Researchers assume that data and analyses are social constructions that reflect what their production of knowledge has involved (Charmaz, 2000, 2006). Analysis is contextually situated in time, place, culture and situation. Since facts and values are linked, researchers attempt to become aware of their presuppositions and how these affect the research (Charmaz, 2006). Constructivism drives at an interpretive understanding of participants' meanings (Lincoln & Guba, 2000; Lincoln *et al.*, 2011). Data are constructed through an ongoing interaction between researcher and participant. The researcher's interpretative understanding of how participants create their understanding and meaning of reality is the result of the analysis (Charmaz, 2006, 2014). Guba and Lincoln (1994) explain that in ontological terms, those who support relativism refute the notion of an objective reality. The researchers further explain that those who subscribe to the assumptions

of constructivism, epistemologically speaking, believe reality to be the product of individual interpretation (Guba & Lincoln, 2005).

These constructions are socially and experientially based in nature. Thus, meaning does not lie inactive within objects waiting to be found, but is rather created as individuals communicate with and interpret these objects (Howell, 2013). The philosophical underpinnings of this research combine a constructivist ontology with an interpretivist epistemology. The trustworthiness of data was guaranteed by the four central criteria of a well-constructed grounded theory: fit, understanding, generality and control.

An exploration of constructivist grounded theory is necessary based on the need to identify the research methodology most epistemologically and ontologically suited to the research. Charmaz (2000) and McCann and Clark (2004) are amongst those who highlight grounded theory based on a constructivist paradigm, with Charmaz (2000) explaining that constructivist grounded theory positions the researcher as the author by transforming the nature of the exchange between the participants and the researcher during the conduct of research.

In this study, the researcher used constructivist grounded theory to assess customer evaluations of their most recent dissatisfactory online shopping experience. Data collection and analysis were carried out concurrently and categorisation was dialectical and active. Data collection consisted of 30 semi-structured interviews with online customers who had recently experienced service failure with an online fashion retailer. It also involved carrying out 36 survey questionnaires. Interactions between the researcher and the data led to the development of categories. Interviews were recorded manually in a notebook and were used to compare what was reported with what actually occurred in practice. Coding was performed on each line of the interview and survey data. As Mills, Bonner and Francis (2006) point out, grounded theory has significant value in many fields due to its ability to explain research phenomena and highlight trends in a clear and easily applicable manner.

Although grounded theory presents a number of problems such as the difficulty of dealing with the considerable amount of data which is generated during the course of the research and the problem of the generalisability of findings, it is the most suitable methodology for this research, taking into consideration its limitations.

## **1.8 Conclusion**

This first chapter provides the background to the broad topic examined in this thesis, to clarify and highlight the importance of the research. Based on the existing literature, the chapter addresses a major gap in the area of service failure and recovery phenomena and identifies key issues which have led to the initiation of this research. A background to the UK fashion industry is then described. This is followed by the description of the research focus, which also provides the rationale of the research along with the aims and objectives. Finally, the last section of this chapter presents an overview of the subsequent chapters in the thesis in order to provide a clear picture of what has been done and what has been found through existing current research. Following from this, the next chapter will critically review and discuss the literature that is relevant to this study.



## **CHAPTER TWO**

### **CRITICAL REVIEW OF THE LITERATURE**

#### **2.1 Introduction**

The following chapter discusses the literature relevant to this thesis. The author first differentiates between what is meant by goods, products and services, and reviews the arguments and criticisms of the characteristics of services. The author then presents a critical review of the literature on service failures and service failure typologies. This is followed by the presentation of customer responses to service failure and service recovery, and insights into service recovery strategies using social media. Next, perceived justice theory is discussed and this includes distributive, procedural, and interactional justice as the cornerstones of the service recovery process. Secondly, the adaptation of justice theories to service failure and recovery is discussed. This idea is based on the notion that customer evaluations, such as customer perceptions of fairness, satisfaction, behavioural intentions and propensity to spread word-of-mouth communication and other behaviours are dependent on whether customers feel that justice has been done and consequently, they have been treated fairly. These arguments are developed as key service recovery outcomes.

#### **2.2 Conceptual clarification**

There is a major difference between goods and services based on both tangible as well as intangible factors. Goods are essentially objects or products which have to be manufactured, stored, transported, marketed and sold. Services, on the other hand, are the outputs of individuals and they can be a collective or individualistic action or performance by an individual (Parry, Newnes, & Huang, 2011). In today's world most products that are purchased comprise some kind of service. For instance, activities such as barbering, postal services and fashion retailing can be identified as service based. In addition to these, a wide range of goods depend on service-based activities to give them value in use, and a marketing advantage over competitors (Palmer, 2014). Sometimes it is difficult to isolate goods and services as in the case of a restaurant where the customer pays for the food they eat as well as for the added-on services of the waiter/waitress and chef, and so on. Similarly, Marks & Spencer and Next are examples of businesses that offer products but also hire salespeople that are meant

to be helpful and highly knowledgeable. In such places, the service provider has the upper hand if they can provide both goods and services. As a result, the difference between goods and services is based on tangibility. Whereas goods are tangible in nature (e.g. a pair of shoes), services are generally intangible (e.g. teaching).

Services, put in the simplest terms, are deeds, processes and performances (Zeithmal *et al.*, 2008). They are different from physical goods in terms of tangibility, perishability, inseparability and variability (Kotler, 2003). In a broader definition, products also provide some kind of service. Consumers use a product or a service to yield value and satisfaction. Delivering satisfaction effectively and more efficiently than competitors is the key to sustaining profitability (Kotler, 2003) and achieving organisational goals in a rapidly changing marketplace. Hence, the same rules apply to the fashion industry as for other service industries. However, Lovelock and Wright (2002) note that due to the intangible nature of service delivery and creation, it can be difficult to capture. It is suggested that the term 'service' can be most accurately defined as an intangible entity exchanged between two parties, with no party necessarily owning a material product as a result of the exchange (Kotler, 2003).

Services differ from material products in a number of ways, with researchers such as Fisk, Brown and Bitner (1993), Kotler (2003), Solomon and Stuart (2006) and Palmer (2014) proposing five key distinguishing characteristics of services. These are ownership, perishability, heterogeneity, inseparability, and intangibility.

The first is that intangibility denotes that services are activities and not physical objects, as is the case with goods. Often services cannot be seen, felt, tasted or touched before they are purchased (Zeithmal *et al.*, 2006; Palmer, 2014).

Bateson (1979) claims that intangibility is the critical characteristic of services, from which all other differences emerge. He uses the term 'double intangible' (p. 139) and makes a distinction between 'physical intangibility' (that which cannot be touched) and 'mental intangibility' (that which cannot be mentally grabbed). Bateson's conceptualisation is backed by the results from a study conducted by Bielen and Sempels (2003).

However, intangibility has been criticised because there are usually many tangible objects involved in performing services (Shostack, 1977). For instance, Gummesson (2000) argues that there is tangibility in a range of services, from healthcare (for

instance, in the case of undergoing surgery) to air travel (for instance, in the case of seating, food and beverages consumed, airline employees, the aircraft itself, and so on). In this sense, it is argued that a tangible impact can be felt through interaction with many services.

Tangibility is also thought to be the provider perspective, and since customers will not make a distinction between tangible and non-tangible offerings, Vargo and Lusch (2004) argue that this viewpoint is deficient for marketing purposes.

With regard to services, inseparability is defined as the inability to separate the service provider and its services (Kotler & Armstrong, 2010). Similarly, Palmer (2011) argues that service provider and services can be considered indistinguishable when the production and consumption of the service is inseparable.

Likewise, Kossmann (2006) noted that production and consumption must take place at the same time. Common instances of inseparable services are, for example, a musical concert which is created (produced) as it is experienced (consumed) by the audience. Taxi operators drive, and the passenger uses the service, but the presence of a taxi driver is essential to provide the service. In addition, an airline passenger first purchases a ticket and then flies, consuming the in-flight service as it is produced. Hence, the production and consumption of services is inseparable. In contrast, customers of a bank no longer need to go into a branch and interact with employees in order to obtain information about their bank account. Nowadays, this can often be done just as easily using the Internet or a call centre, possibly located thousands of miles away. Inseparability still requires producer and consumer to interact, and technology has assisted the progress of a more flexible and impersonal basis for interaction. Keh and Pang (2010) provide abundant examples, including financial, entertainment, freight transport, and information services, to argue against the inseparability assumption. For instance, a customer could either view a video of a training course online or participate in a course in person by approaching the service provider. For the former service, consumers need not be present during the service production. Consequently, marketers can now provide services that are either separated or unseparated, through the adoption of new technologies.

Lovelock and Gummesson (2004, p. 29) also refute the notion of inseparability as a classification measure:

Simple observations will show that numerous widely used business and consumer services delivered to a customer's possessions such as transporting freight, laundering clothes, and undertaking routine cleaning and maintenance on a wide array of equipment and facilities are most commonly performed in the customer's absence.

Consequently, Lovelock and Gummesson (2004) conclude that there are far too many separable services to justify the generalisation that inseparability is a distinguishing characteristic of services.

The third point is that, given the very nature of services, each service offering is unique and cannot be exactly repeated, even by the same service provider. Bateson (1995) defines service heterogeneity as the standardisation of service quality and standards from the customer's perspective. Therefore, given the subjective nature of heterogeneity based on this definition, no service can achieve a consistently perfect level of quality.

A review of service literature points to some complexity surrounding the service offering which is difficult to standardise.

Lashley (1988) highlights this point, arguing that the provision of a consistent standard of service can be extremely challenging due to the impact of human factors such as variance in consumers' expectations, as well as the effect of human behaviour on performance. Therefore, according to Lashley's argument, the standardisation of service delivery is a challenging task that may not be achievable.

For instance, many students who work as waiting staff in restaurants frequently acknowledge that the quality of their interactions with customers will vary, even from table to table. The marketing problems created by heterogeneity are particularly frustrating. A firm could produce the best product in the world, but if an employee is having a 'bad day', customer perceptions may be negatively affected. The firm may never have another opportunity to serve that customer. Parast and Fini (2010) found that companies' human resource practices were directly related to employees' service standards in many cases. Indeed, for a great number of service organisations, human resource management processes have largely included measures of employee service standards (Lashley, 1988; Gronroos, 2007).

Yet heterogeneity has been criticised in literature as a phenomenon that is not characteristic of services because of the countless possibilities of standardisation in services which result in a reduction of heterogeneity (Lovelock & Gummesson, 2004). It has been argued that the services of a retail bank equipping Automated Teller Machines (ATMs) and information technologies such as automated Internet exchanges are as standardised as many other goods (Gummesson, 2000). In the same vein, Jobber and Ellis-Chadwick (2012) affirm that the use of dependable equipment and technology rather than human labour makes it likely to attain high degrees of reliability and standardisation.

The fourth point is that services differ from goods in that they cannot be saved, stored, resold or returned (Palmer, 2014). Goods have longer life spans and are mostly non-perishable. For example, a producer of cars that is unable to sell all of its output in the current period can carry forward stocks to sell in a subsequent period. By contrast, the producer of a service that cannot sell all of its outputs produced in the current period gets no chance to carry these forward to a subsequent sales period. An airline which offers seats on an 11.00am flight from Accra to London cannot sell any empty seats once the aircraft has left at 11.00am. Once again, a customer dissatisfied with the services of a barber cannot return the service of the haircut that was rendered to him. At best, the customer may decide not to visit that particular barber shop in the near future. Rushton and Carson (1985) have summed up the importance of perishability: Services cannot be produced before they are required and then stored to meet demand. If a service is not used when available then the service capacity is wasted.

However, Gummesson (2000) has criticised perishability or the restricted option to stockpile services as a concept, arguing that services can be stored within individuals, knowledge, technologies, buildings, and systems, in the same way that cash is stored within an ATM, rooms are stored within hotels, and procedures, equipment and staff are stored within emergency hospitals.

Edvardsson *et al.* (2005) relate the criticism of the restricted possibilities of storage of services to the fact that memories of service provision can be kept for years.

Fifth, the failure to own a service is related to the characteristics of perishability and intangibility (Kotler, 1982; Palmer, 2014; Wyckham *et al.*, 1975). With the sale of a good the purchaser generally obtains rightful ownership of it. By contrast, in the case

of a service the purchaser only has temporary access to and use of it: what is owned is the benefit of the service, not the service itself. That is, in terms of a holiday the consumer has the benefit of the flight, hotel room and beach but does not own them. In such cases the customer is just buying a service for single use. A distinction should be drawn between the failure to own a service act and the rights that the buyer may acquire to have a service carried out at some point in the future. According to Lovelock and Gummesson (2004), the concept of rental/rights to access defines a service where it is otherwise impossible to transfer ownership of a product through an exchange transaction to the customer. The absence of ownership stresses the finite nature of services for consumers, and there is no enduring involvement in the product; only in the benefit.

The review of literature suggests that each unique characteristic of services leads to specific problems for service marketers and requires special strategies for dealing with it. The conclusion, therefore, is that we should not generalise these characteristics to all services, but use them for some services when they are relevant, and in situations where they are useful and fruitful.

## **2.3 Service failures**

The highly personal and interactive nature of service makes it susceptible to failures (Chebat & Slusarczyk, 2005; Magnini & Karande, 2009; Vázquez-Casielles, Suárez Álvarez, & Díaz Martín, 2010). Service providers should resolve their failures; otherwise such failures will create negative consequences such as economic, physical, and/or psychological losses for consumers and lead to numerous adversarial consumer responses, including complaining, brand switching, negative word-of-mouth, and retaliation (Grégoire *et al.*, 2009; Tronvoll, 2011; Zhou, Tsang, Huang, & Zhou, 2014).

The business effect of e-commerce service failures is best demonstrated by the disruption of Amazon.com [<http://www.amazon.com>] on August 19, 2013, where it was predicted that a downtime of a mere 40 minutes cost the online retail giant U.S. \$4.72 million in lost sales (Parkhurst, 2013).

Service failure has been defined in a number of ways in the service literature. In its most basic form, service failure can be defined as a situation in which a customer's expectations are not met by the standard of service delivery as perceived by the

customer (Kelley *et al.*, 1993). The following outlines various other definitions of service failure:

- Service failure occurs when the quality of service does not meet the customers' expectations (Chahal & Devi, 2015).
- Service failure is defined as situations in which customer perceptions of the service they receive fail to meet their expectations (Chuang *et al.*, 2012).
- Service failure is defined as a condition in which a business, i.e. a service provider fails to meet the customer's expectations regarding its products, or if the customer finds the mode of service unacceptable (Lin, 2006).

Accordingly, the last definition itself suggests that there are two categories of service encounter failures: outcome-oriented and process-oriented (Chuang *et al.*, 2012; Keaveney, 1995; Zhu, Sivakumar, & Parasuraman, 2004). The outcome dimension of a service encounter involves what customers actually receive from the service, whereas the process dimension involves the manner in which service providers handle a service failure during the course of service recovery (i.e. how service is delivered) (Weun *et al.*, 2004; Duffy *et al.*, 2006; Mattila, 2010). In an outcome failure, the organisation does not fulfil the basic service need or perform the core service, including errors in specific areas such as failure to get one's money from an ATM or an error in billing. These are amongst the major reasons for customers switching service providers (Keaveney, 1995; Susskind & Viccari, 2011). In contrast, where a service process failure occurs, the delivery of the core service is flawed or deficient in some way which is directly derivable to the behaviour of service employees. For instance, a receptionist acts in a rude manner towards a guest who is checking-in to a hotel.

Duffy, Miller, and Bexley (2006) and Ringberg, Odekerken-Schröder, and Christensen (2007) argue that the customer's primary concern is the outcome aspect of service recovery, while the service recovery process is internal to the customer, who is not interested in it as such. It is further argued that Outcome-Related Service Failure (ORSF) is associated with an economic loss and Process-Related Service Failure (PRSF) causes social or psychological loss for the customer (Smith, Bolton, & Wagner, 1999, 2002). Thus, ORSF typically involves a utilitarian exchange that includes money, goods, and time, while PRSF involves symbolic exchanges which

include status, esteem, respect, sympathy and empathy, amongst others (*ibid.*). The type of service failure (outcome versus process failure) affects customer perceptions of the recovery evaluation. Therefore, a requirement of service recovery is a high level of communication between the provider and its customer in order to deliver an appropriate response to the disappointed, dissatisfied customers, as in Casado-Díaz and Nicolau-Gonzálbeza (2009). Sparks and McColl-Kennedy (2001) underlined the frequently cited critical importance of employees in the provision of an effective service recovery. Given that a 100 per cent satisfaction guarantee promises total customer satisfaction, it signals that a high-quality service will be delivered (Wirtz, Kum, & Lee, 2000). According to McColl-Kennedy and Sparks (2003), given that service failures are common in the service industry, and that customers may experience dissatisfaction following such failure, it is important that firms attempt to recover dissatisfied customers through an appropriate set of actions known as 'the customer recovery process'. Learning from service failure, therefore, depends to a considerable extent on establishing the main cause(s) and identifying the fundamental process(es) that have contributed to the issue, with the aim of finding effective solutions to the client's problems, which will be discussed in the section below.

## **2.4 Service failure typologies**

The services marketing literature recognises various types of service failures. Using a typology developed by Bitner (1990), Kelley *et al.* (1993) and Hoffman *et al.* (1995) it is possible to categorise service failures into four types. The typology reflects the occurrence of failures in the employee-customer encounter and includes the following failure categories: (1) employee responses to service delivery system failures, due to slow or unavailable services, (2) employee responses to customer needs and requests, including instances of firm-side customer errors and disruptive others, (3) unprompted and unsolicited employee actions including where consumers are improperly charged, and (4) problematic customers including those that contravene company policies and uncooperative customers.

A formula to categorise service failure was also put forward by Keaveney (1995). The author identified two types of service breakdown: (1) core service and (2) service encounter failures. Core service failures include critical incidents that occur due to technical problems with the service itself, grouped into three clusters which are service mistakes, billing errors, and service catastrophes. At the same time, service encounter



failures happen when employees exhibit misleading behaviour (such as not caring, being impolite or unresponsive, or coming across as unknowledgeable).

Smith and Bolton (2002) also categorise service failures into two types: outcome failures and process failures. Outcome failures are essentially the same as core service failures, and are related to 'what' customers receive at the end of the service supply. Such failures are designated when a customer's fundamental demands are not satisfied, and the service received is lower than the customer's expectations; for instance, an online fashion retailer shipping the wrong dress to a customer. Process failure, conversely, is essentially the same as service encounter failure. It is concerned with 'how' customers receive service. In other words, customers may object, not to what they receive, but to the way it is delivered to them. For instance, when a customer calls the customer service department of a fashion store to make a complaint and a call centre employee is rude in response.

In their study of self-service technologies, with reference to comprehending the interface between customer satisfaction and service encounters that are based on technology, Meuter, Ostrom, Roundtree, and Bitner (2000) identify four types of service failures as follows:

- (1) Technical failures (for example, if the website is temporarily not working)
- (2) Process failures (where the goods the customer ordered online fail to reach him/her)
- (3) Poor design (customers have difficulty finding their way through webpages), and
- (4) Failures that are customer-originated (such as when login is not successful because a customer forgets to use his/her password) (Meuter, Ostrom, Roundtree, & Bitner, 2000, p. 57).

Based on the above, customers tend to judge and assign the responsibility for failure to the provider, and technology failures are considered the most catastrophic among the different types of failures. It is suggested that recovery rarely occurs in the context of self-service technologies, because most firms have not developed a method or technique to manage recovery effectively (Meuter, Ostrom, Roundtree, & Bitner, 2000). Based on these ideas, customers are strict observers of online providers, and the provider must understand how customers assign meaning to service failures to develop effective online recovery strategies.

The surge of interest in purchasing on the Internet has prompted many scholars to undertake research into service failure, exemplified by Holloway and Beatty's (2003) classification of online retailing service failures into six groups: delivery, website design, customer service, payment, security, miscellaneous and others. This group of failures was established based on the frequency of occurrence, from the most frequent to the least frequent. In analysing these failure types, for example delivery problems, the authors emphasise that the group includes issues such as a product arriving later than promised, a wrong product being delivered, and merchandise being delivered to the wrong address. Website design problems include websites not responding, content that is not user-friendly, and websites that are only available in one language. Payment problems refer to customer perceptions of being charged more than they had expected. Security problems include fraud issues (e.g. falling prey to various forms of online fraud). Problems with product quality mean a failure to meet a customer's anticipations, and customer service problems occur because the provider does not respond to customer requests. When contemplating this typology, the authors considered the behaviour of customers following online failure, affirming that customers behave differently in offline situations, and are less likely to complain than those in online situations. Holloway and Beatty (2003) noted that following recovery attempts by online businesses, there is some feeling of injustice among customers, specifically related to issues of interaction, distribution, and procedures cited by online clients. They also highlighted the significance of providing customers with the ability to complain whilst providing 'toll-free numbers, e-mail addresses, and real-time chat rooms, as possible complaining channels' (p. 102).

Holloway and Beatty (2008) went on to develop concepts of satisfiers and dissatisfiers in an online environment including website design/interaction, security/privacy, fulfilment/reliability and customer service. They found that what is conducive to the greatest dissatisfaction is the area of fulfilment/reliability, while website design/interaction is the dimension that attracts the most satisfaction (Kuo & Wu, 2012). These factors convinced researchers to claim that recovery strategies for online service are not the same as strategies in traditional retail environments (Forbes *et al.*, 2005). This can be rooted in the human interaction elements that exist in offline shopping settings (Bijmolt *et al.*, 2014).

A further perspective on service failure classification was asserted by Choi and Mattila (2008). Although their study clearly sets out a unique conceptualisation if a philosophical stance is taken, the authors have analysed service failure from two apexes that lead to a convergence, whereby service failure is seen as having an effect on three components: word-of-mouth (WOM), return intentions and overall satisfaction. At the first apex, 'controllability' affects the components that generate a threefold service failure typology that encounters (1) failures caused by the firm, (2) failures caused partly by the customer, and (3) failures subject to unknown causes. The authors suggest that customers tend to criticise companies that allow failures to occur, and not always with good cause. They suggest that 'In other words, focal encounter, overall satisfaction, satisfaction and return intentions, positive word-of-mouth and return intentions were significantly lower among these customers than among their counterparts in the self-blame or control condition (controllability unknown)' (p. 28). The authors further argue that 'people tend to credit themselves for optimistic actions and fault others for undesirable results' (Choi & Mattila, 2008, p. 28). The second apex considers that service failure affects the three components subject to the service expectations customers have had prior to the service failure. Viewing this within a more liberal context, customers who have higher expectations towards service express greater forbearance when it comes to a post-failure experience that includes their overall satisfaction, subsequent propensity for WOM recommendations, and re-purchase intentions (*ibid.*).

Similarly, the researcher used the detailed set of online service failure categorisations and definitions developed by Tan *et al.* (2011) to guide the research. According to this categorisation there are three types of service failure associated with online services, specifically: (1) Informational failures, (2) Functional failures, and (3) System failures. Functional failure refers to online service failures where the provided functionalities are insufficient or unable to support customers in the accomplishment of a transaction, resulting in failure in terms of meeting the user's functional requirements/expectation. For example, a banking system that does not provide notification when a customer is going into overdraft and accumulating penalty interest might be working 'as specified' but might not meet the customer's service expectations. Informational failure refers to online service failure that occurs as a result of customers receiving irrelevant, inconsistent or incomplete information that negatively impacts their service

experience. An example would be advising online that a product is in stock, only to find when trying to order one, or when going to a store to buy one, that it is not available. System failure refers to online service failure that is caused by functionalities of the website not being delivered properly, resulting in a negative experience for the customer. This encompasses a wide range of technology failures, including hardware, software, and network issues. These failure types are not mutually exclusive. Nili *et al.* (2014) explain that functional failures can also arise as a result of system failures and informational failures.

A recent study by Guillory (2016) examined customer complaints across five key aspects of the customer experience (online store experiences, in-store experiences, credit card policies, returns policies and processes, and product quality) amongst leading retailers in the fashion industry, including Gap, American Eagle and Forever 21. In analysing these failure types, the online customer experience that the author emphasised included problems associated with the ordering process and shipping complaints. The in-store customer experience relates to factors such as staff attentiveness, politeness, and the fair treatment of customers. Credit card policies relate to poor communication or the lack of solutions provided with billing questions and issues, errors related to billing, and credit card procedure issues. Return/refund policies and procedures include issues related to unclear returns and refund policies and product quality issues with luxury items such as handbags. The five seem to be in line with the service failure types suggested by Keaveney (1995), Smith and Bolton (2002), Meuter (2000) and Holloway and Beauty (2003). Online experience, credit card procedures, problems with product quality and appearances can be identified with technology failures, website design problems and in-store experiences, whilst return/refund policies are identified with service encounter failures.

## **2.5 The customer's response to service failures**

Service failures are inescapable in service encounters and they negatively affect customer behaviour and satisfaction (Svari *et al.*, 2010). The situation is made worse when an 'expectation-disconfirmation' situation occurs, as in Oliver's model (1989). In fact the service provider may have disappointed or displeased the customer by not providing what was anticipated. The result is displeasure and regret (Zeelenberg & Pieters, 2004). It does not stop there, as other emotions may subsequently be experienced following the cognitive appraisal of service failure actions, including anger,

frustration, disappointment, discontent and helplessness, as Bougie, Pieters, and Zeelenberg (2003) and Gelbrich (2010) show in their research. Customers evaluate the way the situation is handled, as well as their personal goals, using cognitive appraisal. They are optimistic if their expectations are met (known as 'goal-congruent') but when the processes are 'goal-incongruent' they experience negative emotions, leading to unpleasant reactions of spite, especially among those who have enjoyed a long and happy association with the service provider previously. Grégoire, Tripp, and Legoux (2009) report resentment among long-standing consumers when a service failure arises, and threaten to retaliate against the providers after an unfavourable experience.

Furthermore, customer attributions and negative emotions may lead to complaining behaviour. Service failure and other disappointing events cause stress and frustration for customers, with the severity of complaints and reactions varying between consumers. Businesses are cautioned that angry customers are more likely to lash out at the company by recounting their negative experience to family and friends (Gelbrich, 2010). Unusually, even when a service failure has elicited anger and complaints, customers show little motive to exit the relationship with the service firm, as reported by Voorhees, Brady, and Horowitz (2006). This gives the impression that customers complain with the motive to 'save' their relationship with the service firm. Regardless, a very large majority of consumers do not complain to a service firm following an unsatisfactory experience (Andreassen, 2001; Chebat *et al.*, 2005; Chelminski & Coulter, 2011), but choose to share their experiences and articulate negative emotions through online social communities over which the service companies have little control (López-López *et al.*, 2014). Hence, many organisations may miss out on the opportunity to undertake service recovery because they do not know that a failure has occurred. The most common reason customers decide not to articulate their complaints is that it is too much trouble because complaints will either be disregarded on purpose or not supported by the service firm (Chahal & Devi, 2015; Naumann & Giel, 1995). Some are therefore left feeling that 'nothing will come of it', so why waste time and effort following a poor service encounter? Customer responses to various errors or disagreeable incidents are not unique (Voinea *et al.*, 2011). In most cases, a dissatisfied customer reacts to service failures in a number of ways. Dissatisfied customers either take no action, or explore all options by voicing a complaint to the

seller, and to a third party. They might switch to another provider or follow some combination of these channels (Lovelock, Patterson, & Walker, 2001; Lovelock *et al.*, 2015). Which channel(s) customers choose to voice their complaints through depends on whom they attribute the failure to, and the emotions caused by the blame attribution.

Singh (1990b) carried out research on a random selection of U.S. families in a survey, and was able to identify four groups of dissatisfied customers:

(1) Passives: silent, inactive customers who may well not take any action, even stopping short of mentioning the incident to the business. They will also most likely not spread Negative Word-of-Mouth (NWOM), and they will not involve a third party by complaining.

(2) Voicers: Voicers are the opposite of Passives, as they will complain vehemently, yet, similarly, without spreading NWOM and without approaching a third party with their grounds for complaint. Indeed, their behaviour is friendly towards the business, insofar as they give it another chance to improve, and continue to use the business in question.

(3) Irates: Irates, however, are the ones who will most probably express their anger with the company, and will complain to friends and relatives. They will change to a rival business and will seldom give the business a second chance.

(4) Activists, the fourth group, are customers who tend to voice their complaints to everybody, including the business, friends, relatives and third parties. In a sense they are optimistic, as they expect there will be some positive outcome from their complaint.

This contradictory complaining behaviour following service failures finds some clarification in recent research on coping behaviour. In reaction to service failures, customers show differential coping strategies such as the active pursuit of justice and expressive coping, or denial. According to Duhachek (2005) and Tsarenko and Strizhakova (2013), the likelihood of a customer complaining is determined by individual factors such as self-efficacy and emotional intelligence, which impact the customer's coping strategy in the event of disappointment or frustration.

## **2.6 Service recovery**

Service recovery is the act of turning a disgruntled customer into a loyal customer (Fitzsimmons & Fitzsimmons, 2011). Zemke and Schaaf (1989) applied the term 'recovery' in connection with service, along with Lord Marshall, who instigated a

pioneering programme in British Airways called the 'Putting People First' campaign. Service recovery becomes absolutely essential when a service failure occurs, in an effort to increase customer satisfaction. Effective service recovery can also increase customer trust, improve customer loyalty and increase the willingness of customers to repurchase in the future (Hu *et al.*, 2013). Service recovery generally refers to the actions and activities a service provider takes in response to service failures (Gronroos, 1988; Kaltcheva *et al.*, 2013). Service recovery differs from complaint management as it focuses on service failures and offers an instantaneous solution to service failure (Lewis & Spyropoulos, 2001). Complaint management is based on customer complaints which may be caused by service failures (Stauss & Seidel, 2005). Nonetheless, since most disgruntled customers are unwilling to complain (Singh, 1990; Michel *et al.*, 2009), service recovery tries to solve problems at the service encounter before customers complain or before they leave the service encounter disgruntled. Without complaints, a service firm may be unaware of problematic issues, and will not undertake any steps to rectify matters for dissatisfied clients. The fact that only between 5 per cent and 10 per cent of unhappy customers bother to complain after a service failure is what prevents effective service recovery (Boden, 2015). It also hinders organisations from opportunities to improve their service and avoid issues (Tax & Brown, 1998). Johnston (2001), cited in Hansen, Wilke, and Zaichkowsky (2009, p.7) supports this affirmation, underlining that complaint management 'involves the receipt, investigation, settlement and prevention of customer complaints and recovery of the customer'.

## **2.7 Service recovery strategies**

The purpose of a service recovery strategy is to resolve problems by altering the negative attitudes of dissatisfied consumers while ultimately retaining their loyalty (Lewis & McCann, 2004; Miller *et al.*, 2000). For businesses to resolve failures, it is critically important to focus on developing levels of service, with particular reference to service recovery strategies. By contrast, however, in the online fashion industry, with no physical presence of service providers, human interactions are minimal and so service recovery strategies are more challenging. Service recovery is a crucial approach that can be utilised to help increase customer satisfaction, irrespective of business backgrounds. The fashion industry is no exception. Along with solving the problem, customers also want to feel that service firms care about their problems and

keep their interests at heart (Dalziel, Harris, & Laing, 2011). Service recovery strategies contain a blend of tangible and psychological recovery efforts and these actions range from doing nothing to doing whatever it takes to solve service failure. The range of service recovery offers to customers includes financial compensation, special lower prices, upgrades or free offers, accompanied by apologies and courtesy when dealing with the customer's complaint during the recovery process (e.g. Bambauer-Sachse & Rabeson, 2015; Cambra-Fierro *et al.*, 2013). Their effectiveness depends on the situation and is influenced by such factors as problem severity, criticality, and the type of service. Effectiveness also depends on how the contact employee handles the problem and crucial here are efforts at empathy, responsiveness and understanding, to enhance the effectiveness of the strategy (Evans *et al.*, 2012; Hart *et al.*, 1990; Smith, Bolton, & Wagner, 1999). Therefore, both what is done (e.g., compensation) and how it is done (e.g., timeliness of response, politeness) add to the effectiveness of the recovery strategy. This framework for designing an effective service recovery process has been acknowledged as an effective way to deal with customer complaints through traditional channels. Additionally, studies in traditional service recovery show that co-creating value with consumers can improve post-recovery evaluations significantly (Dong *et al.*, 2008; Heidenreich *et al.*, 2015; Roggeveen *et al.*, 2012). Furthermore, co-creation is well associated with information sharing and communication in online sectors (Füller *et al.*, 2010).

Miller *et al.* (2000) classified recovery strategies as either tangible or psychological (Kuo & Wu, 2012; Gelbrich & Roschk, 2011, Kozub *et al.*, 2014; Wirtz & Mattila, 2004). Miller, Craighead, and Karwan (2000) added that tangible recovery strategies offer compensation for actual and perceived costs such as a free service, refunds, gifts, discounts, and coupons to reduce or mitigate practical losses (Kuo & Wu, 2012). On the other hand, psychological techniques seek to pacify customers by showing concern for their needs. For instance, it may be helpful to acknowledge poor service, and to express regret for a mistake in a polite, empathetic, respectful, and considerate way (Chang & Wang, 2012). The essence of the findings in the context of recovery types also suggests that the provision of blended recovery strategies is useful, yet an apology alone will not be enough for the customer. Customer evaluations of service failure and recovery strategies depend on the failure type (ORSF versus PRSF), failure



magnitude and service recovery attributes (tangible versus psychological) (Hess *et al.*, 2003; Smith *et al.*, 1999).

There is evidence that customers not only expect a failure to be resolved to their satisfaction, but they also expect a fit between the type of service failure and the recovery efforts. Chuang *et al.* (2012) demonstrated that clients who suffer outcome-related service failures respond favourably to tangible recovery, in contrast to those who have had process-related service failures, and are more satisfied with psychological recovery efforts. Given this information, when a waiter has used impolite words to respond to a customer's request, the customer might probably need an apology (psychological recovery) from the waiter, rather than receiving a refund, voucher or even a store credit. As with psychological loss, if, when a customer encounters an economic loss (e.g. an overcooked beefsteak), instead of an apology, it might be more effective to simply remedy the error with a replacement product. Smith *et al.* (1999) also demonstrated that customers favour service recovery efforts that match the loss (e.g. monetary compensation for overbooking or empathy for a social loss). Smith *et al.* (1999) further demonstrated that clients who experienced process failures were more dissatisfied than those who experienced outcome failures. Similarly, in Hoffman *et al.*'s (1995) investigation, it is mentioned that failures caused by employee behaviours are one of the most difficult to recover from, unlike problems caused by faulty systems or policies. Also, in a meta-analysis of studies in service failure and recovery, Roschk and Gelbrich (2014) note that immediate monetary compensation is a favourite organisational response to outcome failures, rather than process failures. Apology, on the other hand, is a favourite organisational response to process failures. Classifying apology as a social or psychological resource, Roschk and Kaiser (2013) argue that it is more effective to address situations where a customer has faced a process-related service failure than an outcome related-service failure situation.

A substantial amount of study supports the idea that customers who receive an apology following a service failure are more satisfied than customers who receive no apology (Roschk & Kaiser, 2013). At the same time, the authors provided empirical evidence to suggest that the presence or absence of an apology is just as important as how an apology is given, and this is crucial for enhancing customer satisfaction. They stated that the more empathetic and strong an apology is in its delivery, the more

pacified the customers are. Mattila, Cho, and Ro (2011) suggested that human involvement (such as interacting with frontline staff) was more effective when the failure was caused by a human being rather than by a machine. In contrast, human involvement was less effective when a failure was caused by self-service technology. This is because consumers who choose to use self-service technologies to interact with service providers seek to avoid customer–employee interactions. Therefore, from this review we can infer that a match between the type of service failure and recovery effort is likely to promote customer satisfaction.

In terms of service failure in online shopping, previous studies have widely discussed recovery strategies. As already affirmed elsewhere in this study, Forbes, Kelly, and Hoffman (2005) conclude from their survey that the kind of service failure experienced by online clients differs from that experienced by clients in traditional situations. They also affirm that e-tail organisations utilise a different series of recovery strategies from those employed in traditional settings. Despite successful recovery, switching after failure recovery can occur frequently among e-customers. Kuo *et al.* (2011) classified 10 recovery strategies of online service failure: correction, correction plus, discount, replacement, store credit, apology, refund, unsatisfactory correction, failure escalation, and doing nothing. Chang and Wang (2012) identify the most significant beneficial features of service recovery as compensation, the speed with which their service failure was attended to, apologies, and contact channels. In a recent study, one team of researchers analysed the attitudes of 250 customers towards service failure with regard to self-checkout machines in shopping centres across four US locations (Zhu *et al.*, 2013). Based on the results of the study, the researchers recommended the employment of effective technologies and strategies to ensure that service failures are avoided. Additionally, perceived justice theory (Holloway & Beauty, 2003) was adopted in order to examine the impacts of online service failure recovery strategies (Kuo & Wu, 2012). Mostafa *et al.* (2014) stressed the importance of recovery strategies for dealing with online service failures.

## **2.8 Social media and service recovery**

The increasing use of social media platforms for service failure and recovery purposes is documented in the services literature (Schaefers & Schamari, 2016). In the event of a service failure, firms utilise various service recovery strategies in an attempt to increase customer satisfaction and future behavioural intentions. Service industries

such as retail stores (Barry *et al.*, 2011; Ratcliff, 2014; Stambor, 2013), the airline industry (McCartney, 2010), and the hotel industry (Kessler, 2010) have started to employ social media platforms including Facebook and Twitter to bring about service recovery. The digital age is characterised by social media as a means of communication. It is referred to as an Internet-based platform that allows consumers to correspond and network, using the creation of content such as text and video (Mergel & Bretschneider, 2013), and this has changed the nature of people's interactions with each other, and with businesses (Hanna, Rohm, & Crittenden, 2011; Kietzmann, Hermkens, McCarthy, & Silvestre, 2011). This dramatic rise of Web 2.0 empowers consumers to challenge and respond to what businesses are doing, independent of any mass media agencies or third parties, allowing anyone with access to the Internet to reach out to, and address, an entire world audience (Cormode & Krishnamurthy, 2008).

The ways in which advances in ICT infrastructures and the use of these have changed communication can best be illustrated by the fact that in 2013, YouTube and Facebook had more than one billion active users worldwide (The Associated Press, 2013; YouTube, 2013; Facebook, 2013). Similarly, Twitter has over 312 million users globally (Twitter, 2015), with over 70 per cent of Fortune 500 companies currently operating an active Twitter account (Slegg, 2013). Accordingly, more than 500 million tweets are generated daily, equating to over 347,000 tweets posted every single minute including brand-related products. Tweets posted by consumers must be sought out by the firm through keyword searches (Twitter, 2015), Search Engine Optimisation (SEO) and analytical software tools. It can thus be argued that consumers exert an ever-greater effect on business, thereby putting pressure on numerous industries to update the way they communicate with consumers (i.e. to use social media). Buying decisions in the retail industry have been influenced dramatically, with over 81 per cent of consumers using online reviews to inform their buying choices (Leggatt, 2009). As already indicated, business are putting Internet technology, including social media to use in order to sell their services or products and to communicate with customers by dealing with enquiries. They further use social media to publicise other, newer services or products, and, most importantly in connection with this study, to record and assess customer reactions, either dissatisfaction or satisfaction (Kasim & Ismail, 2009). According to Kotler, Keller, Brady, Goodman, and Hansen, social media 'allows firms

to engage in timely and direct consumer contact at relatively low cost and higher levels of efficiency than can be achieved with more traditional tools' (2012, p. 150). Ganesan (2012) sees social media as a significant aspect of a business's marketing communication strategy, with the added bonus that it provides indications and a means to learn how social media affects the retail industry today.

A significant group of social media users, the new millennium customers, use social media platforms such as Facebook, YouTube and Twitter as a first resource to look for information prior to deciding to buy anything. Essentially, they refer to friends or wider social groups and trust these contacts considerably more than they trust 'conventional' forms of dissemination and advertising, i.e. commercials, advertisements and promotions (Woodcock *et al.*, 2011; Berger & Messerschmidt, 2009; Gligorijevic & Luck, 2012). In reality, this also constitutes a dramatic change in behaviour. Consumers have switched from using offline sources in their search for information regarding services and products to employing technology, using eWOM sources. Among these sources are review sites, opinions posted online and expressed by other consumers or users and social relations (Gruen, Osmonbekov, & Czaplewski, 2006; Sethuraman, Tellis, & Briesch, 2011).

The networking connections on social media may take many, often attractive, forms, including jokes, anecdotal stories, photos, and peer remarks and reviews. These shared opinions and experiences can build customer perceptions of products or services. The social media era has significant implications for the spread of negative eWOM. Negative opinions about products and services are formed and spread by thousands or millions of people within hours via social media (Pfeffer, Zorbach, & Carley, 2014). Andreassen (2000) acknowledges the ever-increasing quantity of research into customer dissatisfaction and complaint behaviour. O'Brien (2011) takes the argument further, affirming that, thanks to the increased use and proficiency of customers in social media, the control of retail and services has moved from businesses to consumers. Pinto and Mansfield (2012) underscore the need for those engaged in marketing to look closely at the strength of the social media. Mangold and Smith (2012) hold a similar view, emphasising the fact that consumers 'are able to influence literally thousands of purchase decisions with a few sentences online' (p. 150). Service firms must then prepare methods, techniques and strategies to respond to the risk of the growing tide of online public complaints articulated through social

media. (Tripp & Grégoire, 2011). Customers may still use telephones, face-to-face contact, or letters to complain, but social media has given many consumers a platform to express their feelings in cases of service failure. They can describe the event and their feelings of anger and frustration, as well as seeking redress (*ibid.*).

Sharma, Marshall, Alan Reday, and Na (2010) state that the majority of unhappy customers do not complain, as they view the effort, including the cost, of making a complaint as being far greater than the possible benefits they might obtain from service recovery. Nowadays, however, the situation is considerably different, as consumers can now complain at virtually no cost and with the minimum of effort using social media platforms. If the business does not respond quickly to a complaint, it can be posted in the public domain, thus providing the business with a far more serious situation (Grégoire, Salle, & Tripp, 2015). For instance, The Institute of Customer Service in the UK conducted a comprehensive survey of consumers and held in-depth interviews with senior customer service executives. They demonstrated that if traditional methods for voicing dissatisfaction are not effective, 12 per cent of customers will use social media platforms to escalate their complaint. This figure reveals a sharp climb from the 3 per cent of consumers indicating that they used social media to complain in January 2014 (The Institute of Customer Service Report, 2015).

One recent study found the levels of both customer complaints and negative emotions amongst customers to increase in line with the experience of service failures, highlighting the association between complaint behaviour and emotion (Svari & Olsen, 2012). Furthermore, the risk of negative word-of-mouth arising through social media is also noted, with customer complaints most easily aired on public forums such as blogs and social media platforms (*ibid.*).

Customers have also been found to use social media as a complaints channel for six main purposes. The first two are directness and boasting, which are associated with online word-of-mouth after experiencing service failure as well as after experiencing the service recovery paradox. The other four purposes are to speak negatively about the company, make others aware of their negative experience with the company, to take revenge on the company, and to fuel negativity about the company (Grégoire, Salle & Tripp, 2015). The last four group customer complaints after the double deviation encounter into one broad category. Here, customers may involve a third

party in the complaint, engage in negative word-of-mouth, or indirectly aid other firms in taking advantage of the company's failure.

Pang, Hasan and Chong (2014) assert that the length of time it takes the company to address the need for service recovery greatly determines the effectiveness of the company's online recovery strategy. Essentially, as Chaffey and Ellis-Chadwick (2012) note, if companies interact with the consumer as soon as the complaint has been aired, this reduces pre-recovery time. Service firms expect complaints from consumers when a service failure occurs. Therefore, they should be prepared with strategies for the process of service recovery to deal with difficulties. For instance, a single unfortunate customer can cause reputational destruction by the use of social media platforms, as was the case with United Airlines and the 'United Breaks Guitars' case (Tripp & Gregoire, 2011). The video depicting United Airlines in a very bad light went viral and has been viewed almost 15 million times. This is an example of how social media can turn a local event into an international story (Gruber *et al.*, 2015). In 2010, the BBC Business Editor Tim Weber made clear the serious consequences negative opinions expressed on the Internet can have, affirming: 'These days, one witty tweet, one clever blog post, one devastating video forwarded to hundreds of friends at the click of a mouse can snowball and kill a product or damage a company's share price.' Of course, positive reactions on the Internet can also have dramatic consequences, as social media has enormous influence. If certain businesses are not interested in elaborating strategies or devoting time, energy, staff and financial resources to engage effectively with social media, they may well be ignoring or misusing favourable opportunities, or failing to deal with negativity from their valued consumers, upon whose custom their existence depends (as Berthon, Pitt, McCarthy, & Kates intimated in 2007).

The powerful effects of negative eWOM can affect a firm's performance. Wangeheim (2005), Chevalier and Mayzlin (2006) and Park and Lee (2009), among others, have all acknowledged the great power of negative eWOM on firms' performances in their research, asserting that negative eWOM is much more effective than positive eWOM. Khare, Labrecque, and Asare, (2011) noted that negative eWOM can easily influence customer preferences and choices, while Jansen, Zhang, Sobel, and Chowdury (2009) remarked on the negative effects where brand image is concerned. Fagerstrom and Ghinea (2011) similarly commented on the effects on purchase decisions. Consumers share negative experiences mainly for three reasons (Verhagen, Nauta, & Feldberg,

2013). Firstly, sharing negative experiences can serve to mitigate frustration and reduce the anxiety associated with the event. Secondly, negative experiences are shared to warn and prevent others from enduring similar events. Thirdly, consumers can share negative experiences in order to help companies improve their practices. As such, eWOM is more often negative than positive (Anderson & Salisbury, 2003). Social media has empowered consumers to voice negative experiences and opinions about products or services with reduced physical and psychological costs (Van Noort & Willemsen, 2011).

Conversely, on a positive note, customers may express satisfaction about a product or service to others (friends, family, peers). Such positive WOM communications can communicate favourable experiences to other consumers (Gruen, Osmenbekov, & Czaplewski, 2006; Kozinets, de Valck, Wojnicki, & Wilner, 2010). The power of WOM is immense when it comes to purchase decisions, and some scholars (*ibid.*) contend that it is certainly more effective than traditional marketing tools. It is also a mitigating factor where the power that businesses have over their means of publicising their goods or services and informing consumers is compromised, as interconnectivity among consumers is so effective. Vollmer and Precourt (2008) stress the importance of Internet communications for customers, not merely with the seller, but within their own networks. Indeed, in their book *Always On* they note that 'consumers are in control; they have greater access to information and greater command over media consumption than ever before' (p. 5).

Customers now have more efficacious methods, totally different to traditional media, of reacting to market information and receiving potentially significant impressions and opinions from their peers (Ramsey, 2006; Singh, Veron-Jackson, & Cullinane, 2008), which puts the burden firmly on the shoulders of businesses in terms of incorporating social media in their IMC (Integrated Marketing Communications) strategies (Li & Bernoff, 2009). Service companies must keep in mind the increasing importance of social media, for example Instagram, Twitter and Facebook, where communicating with customers, managing failures quickly and reliably, or building successful customer relations are concerned (Harland, 2015).

An extensive review of literature over the past several decades reveals the lack of a single, inclusive theory of service recovery. Service recovery is conceptualised as the activities a firm undertakes to address customer complaints regarding a specific

service failure (Gronroos, 1988). Previous theoretical contributions provide a foundation for understanding what causes consumers to voice complaints and then further evaluate the service provider's recovery attempt. Justice theory is often the dominant theoretical framework used to understand how consumers evaluate the level of fairness attributed to the firm's service recovery response. Originating from equity (Adams, 1965) and social exchange theories (Homans, 1961), justice theory states that in a transaction a customer expects to receive balanced outputs (e.g. service performance) as a return on inputs given (e.g. monetary expenses, time, and effort) according to de Ruyter and Wetzels (2000). In a case of failure, the resources lost by a customer should be balanced with the gains obtained from recovery (Smith *et al.*, 1999). Brown (1986) defined equity/inequity as 'an equal/unequal distribution of rewards (or benefits or good)' (p. 75). Similarly, inequity is defined as an obverse relationship between one's perceived inputs and outputs (Adams, 1965). Inequity may occur when customers feel their inputs (i.e. monetary expenses, time and energy) to an exchange outweigh the outputs they receive in the exchange (i.e. good or service bought). For instance, consider a patient waiting for an appointment in the medical reception area. The person notices that most patients get called to see the doctor no more than 15 minutes from their check-in. However, this patient has been waiting for more than one hour. In this scenario, the patient may perceive an imbalance of justice when his/her 'waiting time' is compared to other patients. When an inequitable position arises, a motivation to restore equity arises (Taylor, Kluemper, & Sauley, 2009). In a marketing exchange, there are at least three probable methods in which a customer can attempt to restore equity. First, consumers may seek increased outputs from the other party (company). This method would likely be utilised when a product or service failure occurs. In this event, the consumer may seek recourse by asking the company for future purchase discounts or replacement. Secondly, consumers may attempt to reduce their inputs to the exchange (i.e. customers may seek a refund to help reduce their perceived sacrifice to obtain a product or service). Thirdly, consumers may strive to restore equity in a consumer exchange by 'exiting' the exchange relationship (i.e. taking their business elsewhere). This third method reduces consumer inequity by dissolving the inequitable (i.e. unfair) relationship, and begins a new search for equity. When this method is chosen, the firm seldom receives an opportunity to rectify the problem. Instead of notifying the firm of their perceived inequity, many individuals will



quietly leave. The concept of equity can play a major role in retaining customers through service recovery.

## **2.9 The application of justice theory to service failures and service recovery**

The concept of justice is defined as a theoretical framework for customer assessment of service failures (Palmer, 2011). It comes from social psychology and finds its theoretical underpinnings in the justice theory, whose main advocate is Homans (1961). A principal assertion of the justice theory, as postulated by Homans (1961) and later expounded by Adam's (1965) equity theory and other researchers, is that concerns about justice are inherent in social behaviour. As a result, individuals in any social exchange behave in a manner that achieves justice, and prevents injustice. Due to its popularity in social life, the concept of justice has been studied across several disciplines, including philosophy, management, organisational research and services marketing. As pointed out by Colquitt *et al.* (2001) in a review of justice in organisational research, disciplines advance different definitions of justice. In philosophy, justice implies 'rightness'. From a philosophical stance, an act is just when it adapts to a certain philosophical system. The same authors, nevertheless, note that there is uncertainty as to what the philosophical system comprises. By comparison, in organisational research, justice is viewed as a subjective judgment. Consequently, an act is just if individuals perceive it to be just or fair (Fortin, 2008). The body of literature devoted to the study of perceived justice in the workplace is normally referred to as organisational justice research. Organisational justice research advocates that information relating to justice is essential to the result of conflict situations (e.g. Greenberg, 1990; Cropanzano *et al.*, 2001). The authors explain that conflict can threaten justice. Justice therefore needs to be rebuilt in order to manage conflict.

Drawing on the idea that issues connected to justice are relevant to conflict situations, services marketing literature advocates the relevance of justice as a theoretical framework for studying conflict in customer-firm relationships (Blodgett, Hill, & Tax, 1997; Maxham & Netemeyer, 2003). In service recovery research Goodwin and Ross (1990, 1992) were the first scholars to make known the concept of justice in order to explain the customer's psychological processes of evaluating service failure and recovery encounters. In such encounters, customers measure the fairness of a service

recovery process and form perceptions of fairness based on these. In turn, justice (or fairness) perceptions influence the attitudes and behaviour of consumers (Orsingher *et al.*, 2010; Gelbrich & Roschk, 2011; Wen & Chi, 2013).

As with other influential management theories, justice theory is subject to critique. Despite its limitations, equity theory receives empirical support from a range of academic disciplines in the business and social sciences (Tseng & Kuo, 2014; Wagner *et al.*, 2010) and inspires ongoing research into organisational issues of equality and justice (Gumusluoglu *et al.*, 2013).

Perceived justice is a three-dimensional construct, specifically, distributive justice, procedural justice and interactional justice (Choi & Choi, 2014; De Meyer *et al.*, 2013; Homburg & Furst, 2005; Tax *et al.*, 1998). The following section explores each of these three dimensions of justice in more detail.

### **2.9.1 Distributive Justice**

As discussed previously, distributive justice originates from social exchange theory (Adams, 1963). It refers to the 'perceived fairness of the tangible outcome of a dispute, negotiation or decision involving two or more parties' (Blodgett *et al.*, 1997; de Matos & Leis, 2013). In online service recovery, distributive justice refers to whether 'failed' customers have received tangible (monetary) compensation (Kuo & Wu, 2012). Examples of compensation that offer distributive justice include coupons, discounts, refunds, free upgrades, free ancillary services and the offer of alternative goods which customers receive as part of the recovery action (Choi & Choi, 2014; Gelbrich & Roschk, 2011; Kuo & Wu, 2012). Equity theory, of the type proposed by Adams (1965), explains what comprises a fair allocation. According to equity theory, consumers weigh up the cost/benefits ratio when assessing how satisfied they are with their service failure recovery experience. Distributive justice entails equity, equality, and need. Consumers believe themselves to have been treated fairly when one of these three parameters is achieved. Equity refers to situations in which the customer believes they have benefited from a recovery outcome more than they have sacrificed, in terms of effort. Equality refers to customers' belief that they have obtained the same benefits available to other customers. The need dimension is fulfilled when the customer believes the outcome to have met their needs.

Service failure resolution is likely to be rejected if the customer feels that they have had to invest more time, money or effort in achieving a solution than warranted by the benefits offered to them by way of resolution. On the other hand, positive consumer behaviour and greater equity perception are more likely when the consumer perceives the company to have matched or exceeded the input of the customer in finding resolution (Boshoff & Staude, 2003; de Matos & Leis, 2013). Maxham and Netemeyer (2002b) assert that in traditional contexts, customers' satisfaction with service failure recovery attempts increases in line with customers' perception of distributive justice. Similarly, Goodwin and Ross (1992) as well as Tax *et al.* (1998) reveal that satisfaction is influenced by distributive justice with complaint handling in offline settings. In addition, recent studies have shown that satisfaction with recovery can be predicted by distributive justice in online shopping setting (Chang *et al.*, 2012; Holloway *et al.*, 2005).

### **2.9.2 Procedural justice**

Procedural justice refers to 'process' fairness and the evaluation of the procedure and the systems used to determine customer outcomes (Michel *et al.*, 2009; Seiders & Berry, 1998). This dimension of justice finds its theoretical foundations in the theory of procedural justice given by Thibaut and Walker (1975). A key facet of procedural justice is related to perceived control (Tyler, 1989). This form of justice may include formal policies and structural considerations related to service recovery, such as refund policies, the time it takes to receive a refund and the level of responsiveness and flexibility demonstrated during the recovery process (Wang *et al.*, 2011). The speed with which service failures are corrected and complaints are handled is relevant, as is the extent to which the customer was given a chance to communicate a subjective version of events. These are amongst the major determinants of customer perceptions of procedural justice (Blodgett *et al.*, 1997; Sparks & McColl-Kennedy, 2001; Chebat & Slusarczyk, 2005). For instance, a firm can provide a customer with a full refund as the outcome of service failure (i.e. distributive justice). However, if the customer has to wait an hour to receive a refund because the firm's policy requires frontline employees to clear all restitution offers with a department manager, the customer may not perceive a fair process (i.e. procedural justice). Since process is an integral part of the product or service offering, retailers can enhance satisfaction with the recovery by engaging in activities that improve customer perceptions of procedural

justice (Michel *et al.*, 2009; Seiders & Berry, 1998). Hart *et al.* (1990) argue that empowering frontline employees is critical, because they are often quick to identify problems and can make initial judgment calls as to how to satisfy customers (Lin *et al.*, 2011). In addition, they are in the front line of dealing with customers when service failure occurs, and their reactions to customer complaints have an impact on initial procedural justice perceptions. Research indicates that a quick response from a service firm reduces customer intentions to spread negative word-of-mouth communications, and positively influences re-patronage intentions (Nikbin *et al.*, 2011). Some other studies signify significant positive relationships between post-recovery satisfaction and procedural justice (Schoefer, 2008; Siu *et al.*, 2013; Tax *et al.*, 1998; Wirtz & Matilla, 2004). In an online service recovery context, Holloway *et al.* (2005) argue that satisfaction is an important predictor of repurchase intention. Customers who experience online service failure can perceive procedural justice as part of a recovery action when the offending firm acknowledges that its recovery strategy is in line with what customers want (Kuo & Wu, 2012).

### **2.9.3 Interactional justice**

Interactional justice refers to perceptions about the ways in which outcomes are communicated. This dimension of justice was introduced by Bies and Moag (1986) to study employee responses towards organisational recruitment practices. This component of justice comprises customer perceptions about levels of employee empathy, truthfulness, explanations, politeness, concerns, apology, courtesy, sensitivity, treatment and efforts spent on solving the problem (Choi & Choi, 2014; del Río-Lanza *et al.*, 2009; Gelbrich & Roschk, 2011). Also relevant here is the extent to which information is clear and communicated quickly through customer dealings (Homburg & Furst, 2005). Likewise, some studies define interactional justice as the way in which service failures are handled by service providers in terms of the communication between the service firm and the customer (Lin *et al.*, 2011; McColl-Kennedy *et al.*, 2003). A recent study that investigated information privacy amongst online users defined interactional justice as the degree to which such users perceive online companies as honest and trustworthy in terms of fulfilling their promises about information privacy (Son & Kim, 2008).

Colquitt (2001) established that an empathic “I am sorry” from a sympathetic employee improves service recovery satisfaction through interactional justice because people

use empathy as a benchmark for evaluating the fairness of an interaction (Roschk & Kaiser, 2012). In sum, interactions between employees and consumers during online service recovery directly affect customers' satisfaction and behaviours (Lin *et al.*, 2011). Maxham and Netemeyer (2002a, 2002b) and Kuo and Wu (2012) reported that a higher level of interactional justice leads to higher levels of satisfaction. On the other hand, lower levels of interactional justice increase the possibility of dissatisfied customers spreading negative word-of-mouth communication (Lin *et al.*, 2011). In the online context, although service firms and customers depend on another communication medium, such as a telephone call or mail correspondence when conducting online service recovery, it is reasonable to expect that the positive ambiances involved in the communication process between service representatives and customers remain important and positively influence post-recovery satisfaction (Chang *et al.*, 2012). In addition, by showing empathy, retailers indicate that they care about consumer problems, and will do their very best to fix these in order to avoid further inconvenience (Boshoff & Staude, 2003; de Matos & Leis, 2013). More, recently Singh and Crisafulli (2016) found evidence for the impact of online interactional justice on recovery satisfaction.

Filip (2013) assumes that all three dimensions of justice theory are imperative for customers, but their specific value may vary according to individual profiles in terms of personal expectations, experiences, involvement, exposure and expertise. Schoefer and Ennew (2005) found that the weaker the justice or fairness felt by customers, the higher the level of negative emotion experienced by customers such as sadness, anger, disappointment, dejection and so on.

Furthermore, in their explorations of service recovery, Chebat and Slusarczyk (2005), del Rio-Lanza *et al.* (2009) and Magnini *et al.* (2007) found perceived justice to be a significant factor in customer satisfaction based on dimensions such as repurchase intentions, brand loyalty, the service recovery paradox, and word-of-mouth communication.

## **2.10 Customer satisfaction/dissatisfaction and the disconfirmation paradigm**

Customer satisfaction represents consumers' happiness with a product based on the difference between the expected and perceived performance of the product (Kotler &

Keller, 2012). Rai (2012) also explains that perception refers to the customer's beliefs in terms of a certain experience, product, or service. Although justice theory has dominated most of the service failure and recovery literature, marketing researchers have found that expectancy disconfirmation theory can further complement justice theory to help explain overall evaluations of service recovery strategies amongst consumers (Smith & Bolton, 2002; Smith *et al.*, 1999). Customers have pre-formed service recovery expectations, which must be matched to the appropriate type and level of service recovery (Ngunyen *et al.*, 2012). When service failure occurs, customers usually have a clear expectation of recovery efforts offered by service firms, and customer satisfaction is directly related to how well service recovery performance can match customer expectations. It is suggested that favourable consumer behaviour typically presents as positive WOM, overt approval about organisations in public forums, and increased patronage. In contrast, unfavourable behaviour includes defecting/switching, and reducing usage (Zeithaml *et al.*, 1996; Lai & Chou, 2015).

Numerous researchers have presented definitions of customer satisfaction (e.g. Gerson, 1993; Hill *et al.*, 2007; Kotler, 1986; Oliver, 1980). Oliver (1980) proposed two vital basics to measure customer satisfaction and these are expectancy and disconfirmation. Expectation signifies an expected level of performance (Lee *et al.*, 2008). Disconfirmation is used to determine the relationship between customer expectations and perceived performance. For instance, if perceived performance surpasses customer expectations, this produces positive disconfirmation and if perceived performance fails to live up to the expectations of the consumer, this can lead to negative disconfirmation (Hamer, 2006). Churchill and Surprenant (1982) identified the following three elements from the disconfirmation model:

- Expectation: it is assumed that consumers expect the performance of a good or service in the pre-purchase situation.
- Performance: this is most often assessed after the customer has purchased the product/service, and is then compared to the customer's original expectation.
- Disconfirmation: here, the customer evaluates whether the performance of the product or service has met their expectations by comparing their original expectation with their post-purchase performance assessment.

The outcome of the disconfirmation stage results in one of the following conclusions and subsequent satisfaction levels (Barnes *et al.*, 2016):

1. Positive confirmation: moderate customer satisfaction is achieved as a result of the product/service meeting the customer's expectations
2. Negative disconfirmation: customer dissatisfaction occurs as a result of the product/service failing to meet the customer's expectations
3. Positive disconfirmation: customer satisfaction is achieved as a result of the product/service exceeding the customer's expectations, particularly if expectations were initially negative.

The above points are echoed in other research, wherein it is asserted that high customer satisfaction, general customer satisfaction, and customer dissatisfaction, occur when the product or service goes beyond expectations, meets expectations, or falls below expectations, respectively (Kotler, 1986, cited in Hill *et al.*, 2007, p. 31). Another point of view was provided by Gerson (1993) who mentioned that if a customer is not satisfied, he or she will stop buying from the organisation in question. Understanding consumer expectations can help to explain not only how satisfaction may result from service recovery but also how further behavioural intentions of interest to service firms can be observed. Continuing from the discussion above regarding expectancy disconfirmation theory, expectancy-disconfirmation measurements have been used regularly in customer satisfaction research. For example, Lee *et al.* (2008) examined the impact of expectation disconfirmation in retail services. Here, the researchers discovered there to be a direct relationship between customer satisfaction and positive disconfirmation, after analysing the results of 328 valid questionnaires. In another survey study, conducted with 300 restaurants in the South Korean capital of Seoul, Ryu and Han (2011) also found evidence to confirm disconfirmation theory, with the results indicating the existence of a significant relationship between perceived disconfirmation and both customer loyalty and satisfaction. In a Spanish questionnaire study with 404 participants, focusing on local attractions, a direct relationship between visitor satisfaction and positive disconfirmation was revealed, as well as a significant relationship between visitors' willingness to pay and positive disconfirmation (Lopez-Mosquera & Sanchez, 2014). There were further conclusions drawn about the intention of customers to make repeat visits.

Satisfaction is closely related to consumer attitudes and intentions, which are part of consumer behaviour (Holloway *et al.*, 2005). These directly influence positive behavioural intentions amongst consumers, such as repurchasing and loyalty, as well as positive WOM interactions (Gee *et al.*, 2008). If customers are satisfied with a service, they are most likely to continue their relationship with the service firm, and they are less of a financial burden to the firm's marketing and advertising department who need not waste resources on approaching new customers as they are already conversant with the service. They are motivated to purchase more, and they help to acquire new customers through encouraging WOM (Holloway & Beatty, 2003; Wang, 2008; Wang *et al.*, 2011). When complaints are handled successfully, or service recovery is achieved, dissatisfied customers can be converted into loyal ones. The spin-off from this particular customer is that he/she involuntarily creates opportunities through various forums which help build and broaden the customer base. Conversely, a failure to achieve customer satisfaction, initially or after protracted events at the point of service recovery, could lead to lower customer confidence, negative WOM communication and a general loss of customers. This can result in the direct cost of performing the service again (Wang, 2008) which, considering the combined effect because of the loss of one customer and his/her loyalty and additionally the number of customers lost due to the negative word-of-mouth, can damage the service firm's reputation and trust in the market.

## **2.11 Behavioural outcomes resulting from satisfaction with service recovery**

Zeithaml, Berry, and Parasuraman (1996) described behavioural intention as 'a signal whether customers will remain with, or defect from the company' (p. 33). Although the definitions of behavioural intentions seem to vary depending upon the research context, researchers view behavioural intentions as a show of willingness to provide positive or negative word-of-mouth. Such a gesture can be viewed as an intention to repurchase (Oliver, 1997; Spreng *et al.*, 1995). Once a dissatisfied customer seeks a remedy, the ensuing WOM behaviour and re-patronage intentions are generally dependent upon the customer's perception of justice (Blodgett *et al.*, 1997; Lin, Wang, & Chang, 2011). Similarly, effective service recovery efforts can turn an unfavourable service experience into a favourable one and can enhance repurchase and positive



word-of-mouth intentions (Spreng *et al.*, 1995; Chaniotakis & Lymperopoulos, 2009; Sweeney *et al.*, 2008).

In addition, Lin (2009) suggested that individual behaviour is one of the success factors that affect the adaptation of service recovery. Thus the employees' subjective cognition in relation to their personal behaviour can directly impact on the service recovery strategy that is used to retain customers. Bell and Luddington (2006) showed that satisfactory or unsatisfactory resolutions to disputes can variously influence the extent to which the complainant would re-patronise the organisation, and can have a bearing upon whether that person will engage in positive or negative WOM communication. As such, the behavioural outcomes of service recovery efforts considered in this study include word-of-mouth intentions, repurchase intentions, loyalty and customer switching behaviour. Consequently all four of these outcomes are briefly discussed below.

### **2.11.1 Word-of-mouth intentions**

Product or service failures and poor service recoveries can often lead to consumer dissatisfaction. Word-of-mouth has been recognised as one of the key outcomes of service recovery efforts (Maxham, 2001; Nikbin & Hyun, 2017; Orshinher *et al.*, 2010). Harrison-Walker (2011) defines word-of-mouth communication as the casual sharing of information, through conversation or otherwise, between individuals not perceived to be associated with the business, product or service they are discussing. Word-of-mouth is imperative after consuming a product or service, as it provides face-to-face information that is highly reliable and might lead to new customer acquisitions (Knox & Van Oest, 2014). In general, WOM is divided into two different types which result from the perceived quality of services and products.

In the context of service failure and recovery, WOM is important since those who think they were treated unfairly are likely to spread negative WOM, and warn others to avoid using a particular service (De Matos, Vieira, & Veiga, 2012; McColl-Kennedy *et al.*, 2009; Tyson & Schell, 2012). On the other hand, customers who experience satisfactory service recovery are likely to recommend the service to others (Bitner *et al.*, 1990; De Matos & Vargas Rossi, 2008). Holloway *et al.* (2005) confirm the negative influence of post-recovery satisfaction on negative WOM by suggesting recovery plays a moderating role in the cumulative online purchasing experience. Similarly, Balaji and

Sarkar (2013) and Choi and Choi (2014) found that post-recovery satisfaction had a negative impact on WOM. Finally, Anaza (2014) found that customers who are more satisfied with online shopping services are more persuaded to recommend websites to their family and friends.

### **2.11.2 Repurchase intentions**

Repurchase intentions are a customer's intention to do business with a service company or store in the future (Gelbrich & Roschk, 2011; Lin & Liang, 2011). Repurchase intention is the well-thought-out outcome of satisfaction (Battaglia *et al.*, 2012; Santos-Vijande *et al.*, 2013). Hence, perceived poor service performance due to service failure surely results in customer displeasure and adverse behavioural intentions (Zeithaml, Berry, & Parasuraman, 1996). As recognised in the marketing literature, unsatisfied customers have a negative view of the firm and its institutional effectiveness and they place their trust in, and buy from, competing retailers (Pan & Zinkhan, 2006). However, Wang and Wu (2012) suggest that a customer who is satisfied with the service firm will unquestionably display a more favourable attitude towards it and will have stronger repurchase intentions (To *et al.*, 2007). According to Choi and Choi (2014) and de Matos *et al.* (2013), satisfaction after service recovery makes customers more likely to re-patronise the business and spread positive WOM communications about the service firm. It has also been suggested that satisfaction with recovery can be a strong predictor of repurchase intention in online service recovery (Kuo & Wu, 2012). For instance, Fang *et al.* (2011) argue that repurchase intentions are principally influenced by satisfaction among other predictors. Furthermore, Chang *et al.* (2012) reported a significant relationship between satisfaction with recovery and repurchase intention among online services. In spite of successful recovery, customers can still be dissatisfied with an incident but on the other hand continue to purchase from the service firm (Komunda & Osarenkhoe, 2012).

### **2.11.3 Loyalty**

According to Choi and Choi (2014), Choi and La (2013) and Komunda and Osarenkhoe (2012), the association between customer loyalty and service failure is mediated by service failure itself. Loyalty is defined as 'an intention to perform a diverse set of behaviours that signal a motivation to maintain a relationship with the focal firm, including allocating a higher share of the category wallet to the specific

service provider, engaging in word of mouth, and repeat purchasing' (Sirdeshmukh *et al.*, 2002, p. 20).

Dick and Basu (1994), Yang and Peterson (2004) and Augusto de Matos *et al.* (2009) argue that attitude and behaviour loyalty are important considerations. Attitude loyalty is mirrored in the willingness of customers to recommend a service firm to other consumers, or the assurance to re-patronise a favoured service firm. Behaviour loyalty is mirrored in the occurrences of a customer choosing the same product or service in relation to the total number of that specific product or service consumed.

Tax and Brown (2000) argue that customer loyalty is positively linked with better service recovery. It is assumed that customer loyalty can be predicted by service recovery satisfaction because loyalty and satisfaction are important elements of customer retention (Namkung *et al.*, 2011). More recently, Jaiswal and Niraj (2011) examined the relationship between satisfaction and behavioural intentions in an Indian context. They established that loyalty mediates the relationship between customer satisfaction and the behavioural intention of willingness to pay more. Therefore, investment in customer satisfaction following service failure could lead to increases in re-patronage behaviour.

Loyalty has been a common area of research, particularly in the context of service failure and recovery. For instance, De Matos and Vargas Rossi (2008) carried out a meta-analysis and found that customers who are loyal to a service provider are more likely to give positive recommendations about the firm to reference group members, whereas customers who are disloyal and, hence, switch to other service firms or vendors are more likely to spread negative WOM communication about the firm.

Research on the relationship between service failure and both customer loyalty and customer satisfaction has also been conducted in the banking sector of Kampala, Uganda, with the findings indicating that customer loyalty is significantly influenced by service recovery and customer satisfaction (Komunda & Osarenkhoe, 2012). In other work, customer loyalty and trust were found to be significantly impacted by perceived corporate social responsibility (CSR), with recovery satisfaction also explored as a variable (Choi & La, 2013). Furthermore, both Chang and Chen (2013) and Lin *et al.* (2011) found customer switching intention and dissatisfaction to increase as a result of poor service failure recovery.

#### **2.11.4 Customer switching behaviour**

Customers may be driven to switch, once they have evaluated the performance of their existing supplier and concluded that there are better alternatives available (Xavier & Ypsilanti, 2008). According to Liu (2006), consumer switching is an active and negative response to dissatisfaction, defined by a breakdown in the relationship with the object, for example with a retailer, brand or even the product. Consumer switching intentions are a major concern to service providers. For instance, Grace and O'Cass (2001) indicated that due to the undesirable effect of switching intentions on market share and bottom-line profitability, service firms are becoming increasingly worried about customers who chose to leave and take their patronage elsewhere. Therefore, understanding why customers switch is imperative for service firms to create a zero defection culture (Reichheld & Sasser, 1990; Shezad *et al.*, 2014). A number of researchers have investigated the reasons why a customer might switch service providers (Keaveney, 1995; Poon & Low, 2005; Sathish, Kumar, Naveen, & Jeevanantham, 2011; Vyas & Raitani, 2014). Service failure seems to be the main reason for customer switching. Keaveney (1995) found that there are eight reasons why consumers switch, and out of these eight reasons, five are service performance related. These are: inconvenience, core service failure, service encounter failure, response to service failure, and pricing issues (i.e. a service firm's failure to compensate the consumer with a service recovery strategy).

Extant literature gives an account of service recovery actions and switching in different ways (McCole, 2004; Wirtz & Mattila, 2004; Patterson & Smith, 2001). According to Patterson and Smith (2001) service firms can develop a strategy that acts as a drawback to customers altering service suppliers. This obviously implies that service recovery actions are possible obstructions to switching. Keaveney (1995) found that core service failures and poor employee responses to service failures accounted for more than 60 per cent of all service switching incidents. Besides, Wirtz and Mattila (2004) found that recovery actions such as empowerment and compensation can mitigate the possibility of switching service providers. Correspondingly, McCole (2004) found that recovery activities can significantly change a consumer's attitude about moving to a new service provider. Chou and Song (2012) have confirmed that customer dissatisfaction (internal factors) leads to switching from one brand to another

in an online environment. In this case, the company should work on increasing the satisfaction level of customers.

## **2.12 The phenomenon of the service recovery paradox**

The term Service Recovery Paradox (SRP) has been used to describe the anecdotal finding that customers who experience product failures followed by strong recoveries may be more satisfied than they might have been had the failure never occurred (Li & Fang, 2016; Lovelock & Wirtz, 2011; Priluck & Lala, 2009). This phenomenon was first discussed by Etzel and Silverman (1981). They claimed that a person who experiences effective complaint-handling can become a true advocate of the firm (Michel & Meuter, 2008). There is also evidence that effective recovery can turn angry, frustrated customers into loyal ones and may create more goodwill than if things had not gone wrong in the first place (Kau & Loh, 2006; Noone, 2012).

This argument is supported in other research, where it is asserted that customer loyalty can indeed be maximised more by the effective recovery of service failure than if no service failure had occurred (Hart *et al.*, 1990). On the other hand, researchers such as Bitner *et al.* (1990), Joireman *et al.* (2013) and Maxham and Netemayer (2002) caution that if both service failure and recovery are ineffective, this can result in the double deviation effect.

In addition, the service recovery paradox has raised much interest amongst both academics and managers (de Matos, Henrique, & Alberto Vargas Rossi, 2007; Krishna *et al.*, 2014).

To date, empirical evidence on the occurrence of the SRP has produced mixed results as to whether the phenomenon exists. This is discussed below. A review of the existing literature reveals that three theories provide a theoretical underpinning for the recovery paradox. Firstly, theoretical support for the service recovery paradox is found in the expectancy disconfirmation paradigm (Oliver, 1989). Here, it is asserted that the positive disconfirmation of customers' service recovery expectations – as a result of excellent recovery performance – causes the paradox to arise.

Secondly, based on the commitment-trust theory, the idea is that superb service recovery has a direct impact on the trust that the customer has in the firm (Morgan & Hunt, 1994). In fact, effective failure recovery and relationship marketing are linked closely in terms of their focus on customer satisfaction, trust and commitment (*ibid.*).

Finally, the paradox can also be justified by the script theory whereby customers and employees share similar cognitive scripts about their roles, about the expected sequence of events and about the behaviours which are appropriate in the normal service process (Spreng *et al.*, 1995; Bateson, 2002). Although these three theories show that customer satisfaction is heightened when customers receive greater than expected compensation for service failure, the disconfirmation paradigm and the commitment-trust theory do not provide explanations for how SRP works. Indeed, they fail to specify why customers are more content with service after a failure recovery than they were prior to the failure. Only script theory partially explains the reason why the SRP exists. According to script theory, when customers experience service failure, their sensitivities are heightened due to the incongruence between the anticipated and the actual (i.e. failed) script. This heightened sensitivity makes customers more vulnerable and more attentive to future events. Therefore, this series of events has a greater impact on their assessment of overall satisfaction (Magnini *et al.*, 2007; De Matos *et al.*, 2007). Once customers receive better than expected recoveries, they commonly experience increased satisfaction.

These conflicting results might be a consequence of a number of factors, from different methodological aspects in the studies to certain conditions moderating the paradox.

A number of scholars exploring service recovery have presented a series of mediating variables in relation to the SRP. For instance, it is suggested that if the failure is perceived to be minimal, easily resolved and not typical of the company, the appearance of the service recovery paradox is more likely (Magnini *et al.*, 2007). It can also arise when the customer has experienced no prior failure from the firm and it can emerge when the cause of the failure was viewed as unstable by the customer. Finally, it can arise when the customer perceives that the company had little control over the cause of the failure.

There is some disagreement as to whether the recovery of the service elicits more satisfaction than the absence of failure. Empirical evidence confirms the effect that this has on satisfaction and subsequent support for the SRP theory (Hocutt *et al.*, 2006; Michel & Meuter, 2008; Magnini *et al.*, 2007; Schminke *et al.*, 2014). Others have not confirmed such an effect (Ok *et al.*, 2007; De Matos *et al.*, 2007; Zhao, 2011).

On the other hand, investigations carried out to confirm SRP in the field of the fashion industry are scarce. As highlighted by Magnini *et al.* (2007) and Michel and Meuter (2008), the majority of research on this topic has been conducted in the service industry, including telephone service providers, financial institutions, restaurants, and hotels. Furthermore, much of the data is obtained from student participants, meaning that the findings may not be representative of the broader population. Indeed, it has been noted that research conducted with student participants typically reveals greater satisfaction levels amongst respondents after the recovery of service failure (de Matos *et al.*, 2007). This could indicate either that research that is not conducted in the consumer setting (i.e. that is conducted in an academic or research establishment) may lead to less valid findings, or that students have less experience with the research topics and are therefore more likely to experience the SRP.

The reasons behind the conflicting findings with regard to the service recovery paradox have scarcely been explored in the existing literature, with only a small number of exceptions (e.g. de Matos *et al.*, 2007). Thus, there is a need to further investigate this phenomenon within the online fashion industry.

## **2.13 Conclusion**

Services fail, and fail often, due to their unique nature. Failure can occur in the delivery of services and this is both more common and inevitable than goods failure. Service failure refers to situations in which customers' perceptions of the service they receive fail to meet their expectations (Chuang *et al.*, 2012). In terms of service failure and the ensuing customer responses, as discussed above, firms often attempt several service recoveries, which represent the second stage of overall customer experiences with service. Thus, while dating back several decades, greater research is still warranted. In spite of the insights gained and the consensus reached, Holloway, Wang, and Beatty (2009) contend that scholars still have a somewhat limited understanding of the topic. The three dimensions of the concept of perceived justice have developed over time and include distributive justice, procedural justice and interactional justice. The consequences of a service failure might be very dangerous to the firm. Hence, insufficient service recovery leads to a decline in consumer confidence as well as to a loss of customers, negative WOM, and increased costs linked to customer retention and attraction. The immediate objective of failure recovery is to satisfy dissatisfied customers, and more importantly, to develop strong relationships with customers. After

a successful failure recovery, customers may show a higher sense of commitment to the firm than if no failure had occurred. In the first stage, the purpose of a service firm is to restore customer satisfaction, at least to the initial levels, and to prevent the spread of negative WOM.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY: GROUNDED THEORY**

#### **3.1 Introduction**

As Blaikie (2007) and Bryman and Bell (2011) note, all studies are guided by a specific research philosophy that determines the most suitable research methodology and approach.

The methodology serves as the foundation upon which the research is built. The stronger the methodology, the more likely the research can contribute to the advancement of existing knowledge. In order to choose an appropriate methodology and methods for conducting research, the research needs to be positioned within an appropriate research paradigm and must follow a methodology that is compatible with the research paradigm that is selected (Creswell, 2013). The chosen research methodology then dictates, to a large extent, the research methods for data collection and data analysis (Creswell, 2013; Denzin & Lincoln, 2000). The purpose of this chapter is to establish an appropriate research methodology that the researcher can deploy in order to meet the research aims and objectives.

The chapter considers the key paradigms of enquiry and describes the relationship between these paradigms and various research approaches. It underscores the importance of relationships between the researcher and the researched and reflects on how a reflexive exploration of paradigms of enquiry can benefit the study. It examines the methodological underpinnings and the rationale for using a grounded theory methodology. It also explores the relationship between the methodological approaches identified and the role of the researcher. The section then outlines the criteria for grounded theory research and the paradigm of enquiry adopted for the thesis.

#### **3.2 Research paradigm**

The term 'paradigm' is defined as representing the fundamental metaphysics or beliefs that determine human action (Denzin & Lincoln, 2005). The latter researchers further stated that paradigms deal with first or ultimate principles. Similarly, a paradigm is a 'worldview; a general perspective of the complexities of the world' (Polit & Beck, 2012,

p. 11). Kuhn initially presented the concept of the research paradigm (from the Greek *paradeigma*), in 1962, as a conceptual framework guiding the course of research investigation.

In line with the above definitions, Collis and Hussey (2014) assert that the orientation and conduct of research is shaped by the philosophical framework that is the chosen research paradigm. The adoption of a particular research paradigm is the first and most important decision a researcher makes, above and beyond the research methodology, since it is the research paradigm that provides the core perspective from which the research will be conducted (Guba & Lincoln, 1994).

Furthermore, the philosophical backgrounds usually remain implicit in most research. Bishop *et al.* (2002) argue that 'understanding our worldviews is imperative' (p. 611) as they affect the practice of research (Wahyuni, 2012). Furthermore, Creswell (2009) and Saunders *et al.* (2009) argue that it is significant to initially question the research paradigm to be adopted for research. The views of researchers should be clearly stated in their research in terms of the nature of reality, the grounds of knowledge and the interaction between humans and their environment.

A paradigm encompasses three main elements to an inquiry: epistemology, ontology, and methodology (Denzin & Lincoln, 1994) and these inform assumptions about human nature (Burrell & Morgan, 2017). To other researchers (Kalof *et al.*, 2008; Saunders *et al.*, 2009), there are two main philosophical dimensions to distinguish between existing research paradigms, namely ontology and epistemology. Burrell and Morgan (2017) suggest that each paradigm contains assumptions that can be represented as objectivist and subjectivist. Therefore, different research paradigms are discussed to justify the theoretical assumptions used for any given study.

Epistemologically, positivism advocates for the application of natural scientific methods to studies of social reality and beyond, as the 'truth' is out there to be discovered. On the other hand, interpretivism is an epistemological position that separates objects of natural science from (social) actors, as in the researcher or observer, who somehow construct their own 'truth' in viewing the world (Sutrisna, 2009). In different ways, many authors and researchers agree that positivism is a philosophy which states that the only authentic knowledge is knowledge that is based on the actual sense of experience. Such knowledge can only come from an affirmation

of theories through a strict scientific method. In contrast, the constructivist view argues that knowledge and reality do not have an objective value or, at least, there is no way of knowing this reality (Tobi, 2013).

It is important that the epistemological underpinning of the research is considered alongside the attendant ontological assumptions as this will help the researcher to better understand their research.

A positivist ontological position, for instance, views reality as objective and singular, and separate from the researcher (Collis & Hussey, 2014). Conversely, in a constructivist ontological view reality is perceived as fluid and socially-determined (*ibid.*).

Sexton (2004) uses his research approaches continuum to argue that ontology can fall under the realism or idealism viewpoints of research knowledge. Ontological philosophy helps the researcher to place the research based on their knowledge of realism or idealism.

Methodology is driven by ontological and epistemological assumptions which consist of research questions or hypotheses, a conceptual approach to a topic, the methods to be used in the study and their justification, and consequently the data source. All of these components are linked to one another in a logical manner (Tobi, 2013).

### **3.3 Major forms of research paradigms**

The way in which research is designed and the strategies that it follows usually contain essential assumptions about the researcher's worldview or paradigm (Saunders *et al.*, 2007). There are two main types of research paradigms or philosophies, labelled positivism and phenomenology (Collis & Hussey, 2003). The positivist paradigm uses quantitative and experimental methods to test hypothetical-deductive generalisations, while phenomenological inquiry, also called the constructive or interpretive paradigm (Cresswell, 2007; Easterby-Smith *et al.*, 2008, 2015) uses qualitative approaches to understand human experience in context-specific settings inductively and holistically. Likewise, Collis and Hussey (2003) note that positivist research follows the structure of research carried out in the field of natural sciences, where the research itself is distinct from, and uninfluenced by, the participants and the researcher.

As a result, the findings of this research are said to be objective. On the other hand, phenomenological researchers conduct research with the view that human behaviour is not as easily measurable as phenomena in the natural sciences. This view is therefore concerned with understanding human behaviour from the researcher's and participants' own subjective point of view (*ibid.*).

In addition, research paradigms can be categorised as follows: positivism, post-positivism, critical theory, constructivist/interpretive and participatory/cooperative. In general terms the former two can come under the heading of positivism, whereas the latter three may be perceived as displaying elements of phenomenology (Heron & Reason, 1997; Lincoln & Guba, 2000; Howell, 2013). These five major paradigms provide flexible guidelines that connect theory and method and help to determine the structure and shape of any inquiry. These ideas will be explained in the following section.

### **3.3.1 Positivist paradigm**

As explained by Claeys (2010), the adoption of the positivist paradigm in social research stems from the original principles of Auguste Comte's 1848 French publication *A General View of Positivism*. Here, as Howell (2013) further explains, it is stated that human behaviour can best be comprehended through reason and observation, with experimentation, observation and the use of the senses being the only way to acquire true knowledge. Guba and Lincoln (1998) give an example of the positivist paradigm where the researcher believes only in the existence of the 'real' (observable) world. Therefore, all issues that relate to moral matters are excluded from the inquiry. Similarly, positivists seek one objective 'truth' with verifiable patterns that can be predicted with certainty (Kim, 2003). Thus, *a priori* truth is assumed to be discoverable through rigorous, careful observation and testable and repeatable methodologies. Positivism presumes a single objective reality that is orderly, predictable and deducible, and utilises quantitative methods to test hypothetical-deductive generalisations (Dainty, 2007). Easterby-Smith *et al.* (2008, p. 57) posited that 'the key idea of positivism is that the social world exists externally, and its properties should be measured through objective methods, rather than being inferred subjectively through sensation, reflection or intuition'.

It is suggested that the positivist paradigm promotes the use of rules and frameworks, confirmed through empirical observation, for the purpose of comprehending and anticipating research events and topics (Klungseth & Olsson, 2013).

Positivism 'has been based upon the principle that only reliable knowledge of any field or phenomena reduces to knowledge of particular instances of patterns of sensation' (Harre, 1987, p. 3). Undeniably, for positivism such patterns are immutable laws, which enable predictions of future events. Ontologically, positivism considers that an external reality exists which could be discovered and totally understood; a comprehension of reality that is sometimes called 'naïve realism'. Thus, the ontological debate of 'What is reality?' can be kept distinct from the epistemological question of 'How do we obtain knowledge of that reality?' (Collis & Hussey, 2003). By contrast, the epistemological position of positivists is one where the investigator and the external world and what could be discovered are totally separate and objectivity is sought through scientific procedures. The argument is that truth can be found and, methodologically, this could be achieved by attempts to prove hypotheses through scientific experiments and the manipulation of confounding conditions (Howell, 2013).

### **3.3.2 Post-positivism paradigm**

The word 'post' itself reflects a gradual progression in thinking and implies that positivism is outdated. However, it can be argued that because positivism came earlier than post-positivism, these two paradigms have some related features in the sense that the latter used the former as a platform and the foundation from which to propel itself. Within the paradigm arena, this is reiterated by Guba and Lincoln (1994) who noted that the paradigms are interwoven as they echoed the same streams of thought, even though the boundaries between the paradigms are shifting (*ibid.*). The positivist paradigm has been criticised for applying the scientific method to research human affairs. However, it is contended that the scientific approach has merits that should not be discounted (Popper, 1994), since minor changes can be made to bring greater objectivity to social science research. In the influential work *The Logic of Scientific Discovery* (Popper, 2002b), it is argued that there is no single truth, and that scientific theories can only be disproven, not proven. The latter point therefore rejects the attempt to verify theory, whilst also differentiating post-positivist and positivist frameworks. Through falsification 'we can get rid of a badly fitting theory' before it

overrides investigation and undermines objectivity (Popper, 1994, p. 4). In Popper (2002a, 2002b) falsification offers a solution to the problem of immutable laws and rational foundations. He also argued that no matter how many times a white swan is observed we can never universally state that 'all swans are white'. However, one observation of a black swan allows the statement 'not all swans are white' (cited in Howell, 2013).

Furthermore, the epistemological and ontological perspectives of post-positivist researchers emphasise objectivity and critical realism, respectively. This point is echoed in recent work wherein it is stated that critical realism, as opposed to naïve realism, is the ontological position of most post-positivist researchers, whilst objectivity is valued highly as an epistemological position (Rakic, 2011).

In relation to ontological positions, positivists and post-positivists have a common view that social reality is external and objective. Post-positivist methodologies focus on falsifying salient scientific laws. However, while reality can be understood through positivism, it may only be understood wrongly and probabilistically in post-positivism (Heron & Reason; 1997; Howell, 2013).

### **3.3.3 Phenomenological paradigm**

Phenomenology can be defined as the way in which humans make sense of the world around us (Saunders *et al.*, 2007). Thus, the phenomenological paradigm is concerned with understanding human behaviour from the participant's own frame of reference. It is a criticism of the positivist paradigm, which is a quantitative research method. Phenomenologists also assert that researchers play an active role in their own research and observations, being subjective in terms of their values and perspectives, and that it is inaccurate to claim that one individual measure can be used to fully understand complicated events and topics. For instance, Collis and Hussey (2003) argue that human intelligence cannot necessarily be measured through a number or score. Phenomenological research methods are interpretive in nature and aim not to understand how often a social phenomenon occurs but what the meaning of the phenomenon is and how phenomena can be best described (Van Maanen, 1983). Thus, whilst positivist researchers assert that truth can be determined through objectivity, phenomenological researchers argue that social realities are subjective in that they are socially formed.

As Kim (2003) notes, the phenomenological position is that the conjecture of individuals is what influences and determines social and organisational reality. Therefore, social reality is affected by the act of investigating it. Interpretivists believe that reality and the individual who observes it cannot be separated or independent (Klein & Myers, 1999). Therefore, knowledge is seen to be comprised of multiple sets of interpretations that are part of the social and cultural context in which it occurs (Kim, 2003).

On the other hand, phenomenologists accept that there are important aspects of 'the world, including the social world that goes before and beyond the individual's meanings and beliefs, and that quantitative analysis can sometimes be useful' (Mingers, 2004, p. 165). It is also argued that conducting interpretative research can be costly due to the extended research time required to collect data, and to analyse and understand particular phenomena (Ramchander, 2004).

The next section discusses the three remaining paradigms that are associated with qualitative research: critical theory, constructivism and the participatory/cooperative approach in social scientific research (Denzin & Lincoln, 1994, 2000, 2005; Howell, 2013).

### **3.3.4 Critical theory paradigm**

Critical theory is connected with Germany's neo-Marxist Frankfurt School that aims to criticise as well as analyse society; contrasting the political orthodoxy of modern communism. Its goal is to advocate human emancipatory forces and to reveal ideas and systems that hinder them (Howell, 2013). Habermas (1978) and Guba (1990) explain that it is frequently defined as ideologically-driven investigation, with Tribe (2009) defining ideology itself as a given innate and widely-adopted societal perspective or worldview. Indeed, it is further noted that critical theory pertains to a worldview that frames society based on power dynamics, inequality and conflict, and is not solely focused on theory alone (Smith, 2010). Guba (1990) and Guba and Lincoln (2005) add that critical theory is widely adopted in the investigation of historical events and culture. The social sciences and natural sciences are also differentiated in that the natural sciences focus on the senses, whilst the social sciences focus on communication and interaction (Habermas, 1978).

This means that, although understanding in the natural sciences is in one sense monologic, in the sense that scientists observe inanimate objects, in the social sciences communication should be a two-way dialogic, where the researchers and the research try to make sense of the situation.

Indeed in the critical theorists' paradigm of inquiry, the ontology is 'historical realism' whereas in Denzin and Lincoln's (1998) view 'reality is shaped by the social, economic, political, ethnic and gender values crystallised over time' (p. 203). However, the epistemological aspect of critical theory considers that findings and theoretical perspectives are discovered because the investigator and the investigated are intrinsically linked through historical values, which must influence the inquiry. This leads towards a specific methodology, which identifies a dialogic and dialectical approach. Dialogue is needed between the researcher and the researched and between past and present. In this methodology, structures are changeable, and actions affect change. In this context, theory is changeable in relation to historical circumstance. Theory is developed by human beings in historical and cultural circumstances as the interaction between researcher and researched and historical values influence the analysis (Howell, 2013). Additionally, a critical theory approach is usually developed using qualitative methods (Guba & Lincoln, 2005; Chambers, 2007).

### **3.3.5 Constructivist paradigm**

Social learning based theories are more closely aligned with constructivism because they suggest that knowledge is constructed based on experience with the world and people, so that reality is constructed (Easterby-Smith *et al.*, 2015). Lincoln and Guba's 'constructivist paradigm' is a wide-ranging eclectic framework. They originally discussed their approach under the heading of 'naturalistic inquiry' (Lincoln & Guba, 1985). However, they began using the term constructivism to characterise their methodology (Guba & Lincoln, 1989, p. 19), although they acknowledge that constructivist, interpretive, naturalistic, and hermeneutical notions share similarities.

According to Crotty (1998), constructivism 'posits that all meaningful reality is contingent upon human practices, being constructed in and out of interaction between human beings and their world, and developed and transmitted within an essentially social context'. The underlying assumption is that meaning is constructed and shaped from objects with the active engagement of the observer/researcher. Similarly, Guba



and Lincoln (1989, p. 12) posited that ‘for the constructivist paradigm, the core assumption is that realities are not objectively “out there” but are constructed by people, often under the influence of a variety of social and cultural factors that lead to shared construction’. Hence, for constructivism humanity alone is responsible for knowledge development and understanding is a matter of interpretive construction on the part of the active subject (Howell, 2013).

Even though interpretivism and constructivism refer to similar notions (Guba & Lincoln, 1989; Jennings, 2001), Schwandt (2000) suggests that they differ in their epistemological assumptions. Constructivist intentions to understand the world of human experience advocate that reality is socially constructed (Mertens, 2014). Consequently, it is proposed that human action and behaviour determine reality and knowledge, therefore suggesting that it is only human interaction (including that of participants and the researcher) that can shape, capture and express what we know of the social world. Thus, social constructivism asserts that reality does not exist ‘out there’, but is constructed by humans in relation to each other (Crotty, 1998; Lincoln & Guba, 2005; Schwandt, 1998). These constructions should be the forces driving investigation. Therefore, social reality is subjective and may change over time (Guba & Lincoln, 1998, 2005), possessing multiple interpretations of ways in which people act. It is significant to discover and understand these multiple perspectives together with the contextual factors that influence, determine and affect the interpretations reached by different individuals. Consequently, constructivism rejects objectivism and a single truth as suggested in positivism and post-positivism. Bettis and Gregson (2001) maintain that researchers, and those researched, or the phenomena studied, participate in dynamic interactions that create the meaning of findings. This makes the investigator and the object of investigation interactively connected, creating the findings as the research proceeds, which alter the traditional differences between ontology and epistemology.

### **3.3.6 Participatory/co-operative paradigm**

The participatory paradigm is based on liberation, neo-Marxist and liberal human rights (Howell, 2013) and rests on the belief that reality involves interaction between the world, self and inner historical being. Heron (1996) suggests that the human mind engages with the world in an active and creative way, applying meaning to the world in terms of its constructs, be they practical, emotion-based, of the imagination and

imagery, or concepts and ideas. Mind and cosmos interact in a creative process and what emerges as reality is the outcome of this process (Heron & Reason, 2000).

The ontological paradigm perceives reality as integrated with human existence and interaction between subjective and objective perspectives. Indeed, reality is co-created through the mind and cosmos or the external world (Howell, 2013), whereas, the epistemological position involves critical subjectivity of the self in participatory transaction with the cosmos or other. Thus, findings are co-created through practitioner attributes such as experience and (a) experiential knowledge gained through direct encounters in face-to-face settings with persons or things, (b) practical knowledge concerning 'how to' do something being knowledge demonstrated in a skill, and (c) propositional knowledge being knowledge 'about' something and expressed in statements and theories (Heron, 1981b; Denzin & Lincoln, 1994). The methodology encapsulates collaborative action and political participation through the primacy of practice and language grounded in shared experience and situational contexts (Howell, 2013).

However, some consider that beyond research, the paradigm involves political agendas and is politically motivated. Consequently, criticisms include the absence of scientific rigour and confusion between social activism and research.

### **3.4 Paradigm of inquiry for this research**

A great many academic studies conducted on online service failure and recovery seem to view these phenomena within a 'positivistic and post-positivist' paradigm domain where reality is external to humanity and the researcher and the researched pursue distance and ensure objectivity (Choi & Choi, 2014; Kozub *et al.*, 2014; Sviri & Olsen, 2012; Wen & Chi, 2013). However, from what has been discussed earlier in terms of paradigms, the current study has adopted a combination of phenomenology and constructivism paradigms of enquiry together with a grounded theory methodology due to its suitability to the study's objectives as outlined in Chapter 1. It further utilises an inductive approach to empirically examine the extent of service failure and recovery in online settings. Guba and Lincoln (1989) posited that, for the constructivist paradigm, the core assumption is that realities are not objectively 'out there' but are constructed by people, often under the influence of a variety of social and cultural factors that lead to shared construction. Given this, Creswell *et al.* (2007) also argue that constructivist

grounded theory is more flexible than conventional grounded theory models, revealing power dynamics, opportunities and communication; highlighting human experiences in terms of ingrained and concealed relationships, events, and networks; and taking into account the perspectives of the researcher. Creswell *et al.*'s (2007) argument covers crucial elements that have contributed to making it a relevant paradigm to use.

Constructivism is defined as capturing reality in terms of common experiences at the local level, with constructivism referred to as a 'relative ontology' or 'relativist realism' due to the dynamic nature of people and groups (Howell, 2013).

In a complex world, particularly in computer-mediated marketing environments, multiple frames of reference are needed to understand complex reality. Any given perspective is an incomplete abstraction that cannot describe all aspects of a phenomenon. For example, Poggi (1965) advises researchers that each form of knowledge is partial and 'a way of seeing is a way of not seeing'. Given the theory-laden nature of observations and data, we do not view the world with a 'blank slate'. We view reality from our theoretical viewpoint or perspective.

### **3.5 Research approaches**

There are two main research approaches that are used by researchers: deductive (testing theory) and inductive (building theory). The choice of which to use is tied to the philosophical stances of the researcher or the research strategy (Saunders *et al.*, 2007). In terms of the *deductive* approach, the researcher develops a theory and hypothesis (or hypotheses) and designs a research strategy to test the hypothesis. In the *inductive* approach, the researcher collects data and develops theory as a result of data analysis (*ibid.*).

Lee and Lings (2008) define the deductive approach as beginning with logical theories and assumptions that result in conclusions, whilst Wilson (2014) defines inductive research as constructing new theories based on observations.

Gill and Johnson (2010, p.46) refer to deduction as that which 'entails the development of a conceptual and theoretical structure prior to its testing through empirical observation of the facts "out there" in the world through data collection.' Basically, the process of deductive research involves developing a theory that is then subjected to thorough examination (Crowther & Lancaster, 2008; Saunders *et al.*, 2007). However, the approach has been criticised because it does not fit several theoretical models,

and because its tendency to construct a rigid methodology leaves no room for alternative explanations of what is occurring (Bryman & Bell, 2015).

An inductive approach is more often associated with interpretive, qualitative studies. Therefore, the pattern is to collect data, and analyse that data to develop a theory, model or explanation (Gratton & Jones, 2010). Furthermore, Crowther and Lancaster (2008) maintain that an inductive approach does not necessitate the founding of *a priori* theories and hypotheses. In contrast, researchers can build their own theories founded on their observations, hence allowing a problem or an issue to be investigated or approached based on a number of possibly different methods with alternative explorations of what is happening. Saunders *et al.* (2007) noted that research using an inductive approach is likely to be particularly concerned with the context in which such events were taking place. Consequently, Easterby-Smith *et al.* (2015) suggest that whilst deductive research is well suited to a large population sample, inductive research could be best suited to a smaller sample size, with data collected through the use of qualitative research methods.

The stance that one research approach is better than another may not be the most opportune way to approach research. Researchers may gain more from taking the view that trade-offs exist in research methodologies, as they do in practically all facets of life. They may consider that panaceas only exist in our imagination, and that some methodologies are better suited to different situations than others (Saunders *et al.*, 2007). Overall, sound methods based on paradigms of inquiry and methodologies identify how an investigator can satisfy others to the extent that they trust that what has been seen has been accurately described, and that the conclusions that have been drawn are valid (Howell, 2013).

Hence, it is important that a researcher explains clearly which approach is being followed in his or her research. This study is based on using an inductive design, and these approaches are often triggered by an observation of a particular phenomenon from which theories can be built around the studied phenomena (Gelo *et al.*, 2008). Thus, in contrast to quantitative research, qualitative research seeks to explore meanings rather than measurements.

Easterby-Smith *et al.* (2015) also note that inductive research can be a slower process, with theories generated over a lengthier duration of study.

### **3.6 Justification of grounded theory methodology for this study**

In its simplest form, Grounded Theory (GT) can be defined as ‘a largely inductive method of developing theory through close-up contact with the empirical world’ (Denzin & Lincoln, 2008). Glaser and Strauss first proposed grounded theory in their 1967 publication *The Discovery of Grounded Theory*. Glaser and Strauss (2009) associate grounded theory with inductive research approaches, with theories being generated based on the systematic collection and analysis of data.

They described the approach as an attempt to bridge the gap between theory and research (Glaser & Strauss, 1967). Thus, the most significant aspect of grounded theory is the intention that it should be used for generating theory where little is already known, or to provide a fresh slant on existing knowledge using an interpretive mode (Charmaz, 2006; Locke, 2001). Grounded theory is also a qualitative research methodology, although quantitative data can be included in the analysis. It is appropriate for studies of complex social behaviour from a sociological point of view. Grounded theory is based on the philosophy of symbolic interactionism which contends that all ‘human interactions are based on symbols which have associated meaning and value’ (Hutchinson, 1986, p. 112). Therefore, meaning and value can be discovered through the examination of human symbols such as words, artefacts, writings and body language. The complex interweave of symbols is then unravelled to ascertain and understand the social processes contained within human interaction (Blumer, 1986). This process allows the grounded theorist to understand ‘reality’ from the perspective of the people who interact within the group. The methodology involves observing, describing, unravelling and dissecting those complex social processes to ascertain the meaning and the relationships of the objects in the empirical world under study. Howell (2013) explains that the inductive framework essentially lies at the heart of grounded theory, seeking to interpret the behaviours of participants and to interpret data based on the researcher’s own perspective. This results in the creation of substantive theory as a product of the implementation of grounded theory. Blumer (1962) asserts that humans do not simply react to the actions of each other, but instead interpret them, thus differentiating humans from other subjects given the symbolic nature of human interactions. Data provide the foundation for grounded theory, with expressions of these data then used for the purpose of demonstrating phenomena (Glaser & Strauss, 1967).

Thus, interactions are transcribed as data. The data are collected and analysed concurrently, allowing the theory to be driven by the data. The data that need to be collected next as well as the source will be identified as the theory emerges from this process and, therefore, is 'grounded' in or relevant to the experience of the subjects. Data are categorised on three levels utilising a constant comparative method. Theoretical constructs emerge from the pattern of the categories identified during coding. These theoretical constructs, substantive codes, categories and their associated properties form a theory that embraces the maximum variation of the phenomenon under study. The resulting theory is grounded within the context of the phenomenon as it exists in 'reality' and is supported by data and data-based examples, thereby avoiding abstract theorising (Glaser & Strauss, 1967; Hutchinson, 1986; Strauss & Corbin, 1990). In addition, the aim of grounded theory is to develop substantive theory which emerges from data through a set of highly developed procedures (Glaser, 1998). Strauss and Glaser subsequently had a fairly major disagreement about the application of grounded theory, which developed into two distinctive styles, the Glaserian, or classical, and Straussian schools, which has evolved out of the original grounded theory approach (Graham & Thomas, 2008; Lauridsen and Higginbottom, 2014). Researchers in both schools began to approach grounded theory in alternative ways through consideration of the ontological (relating to the nature of being) and epistemological (relating to the theory of knowledge) underpinnings of the methodology that once unified them (Devadas *et al.*, 2011).

The late Anselm Strauss, working with Juliet Corbin, developed a more formal, prescriptive and technical approach (Strauss & Corbin, 1998) which can be applied to verification as well as theory discovery. Glaser, on the other hand, maintains an emphasis on induction, and on a more flexible, unforced approach to analysis (Locke, 2003). Paradigmatic divergence is especially noticeable in their debate over the correct methods to use when analysing data (Devadas *et al.*, 2011).

Howell (2013) contends that the dispute between Glaser and Strauss revolves around the issue of emergence and forcing of data, with Glaser (1992, p. 28) suggesting that Strauss and Corbin manipulate data whilst breaching the principle of relevance in their main theoretical assumptions. Glaser (*ibid.*) further asserts that researchers should become more able to recognise the presence of various theoretical codes in data by becoming more familiar with a wider variety of them.

Strauss and Corbin provide a clear and concise overview of grounded theory as method in two editions of their publication *Basics of Qualitative Research* (Strauss & Corbin, 1990, 1998). This being said, the authors assert that this work is published for researchers conducting their first qualitative study with the aim of generating substantive theory (Strauss & Corbin, 1990).

Howell (2013) also highlights Strauss and Corbin's emphasis on verification, but notes that obtaining perfect verification does not appear to be the aim of their scholar. Instead, Strauss and Corbin (1990) promote the use of verification to support the creation of theory, and for introducing richer and more varied insight, rather than for the purpose of discrediting theory. Glaser (1992) suggests that the two methodologies should be approached in turn, with relevance uncovered first along with the generation of related hypotheses, and the testing of the most relevant occurring afterwards. Strauss and Corbin (1990) also perceive verification as a component of grounded theory, asserting that the purpose of verifying statements with data is to gain richer understanding, not to discredit the original statement. The researchers further suggest that providing evidence for statements is equally as important as identifying variances. When a statement is disproved, this only indicates that there is further room for investigation. That said, both Strauss and Corbin (1990) and Glaser (1992) acknowledge that verification can be used during the creation of theory, with verification adopted as a methodology and theory creation an element of grounded theory.

It is essentially the focus on inductive and deductive approaches that stands at the root of conflict between Strauss and Glaser, with the latter researcher asserting that grounded theory is inductive in nature (Glaser, 1992) and the former researcher asserting that grounded theory is based in induction, deduction, and verification (Strauss, 1987). It is also suggested that grounded theory produces statements expressed and verified through deduction, with grounded theory itself involving a constant shift between both the deductive and inductive approach (Strauss & Corbin, 1990). Here, Strauss and Corbin (1990) propose that theory is grounded because of the dynamic interaction between verification and the presentation of statements. However, Glaser's (1992) argument that the latter researchers entirely overlook the emergence of grounded theory and coerce the data arises here. Glaser (*ibid.*) asserts that Strauss incorrectly approaches induction as the testing of deductively-constructed

hypotheses forced on the data, arguing that it is not possible to claim that a hypothesis is disproved by the data when using inductive reasoning. Instead, the data can only verify the hypothesis. Nonetheless, Strauss and Corbin (1990) contend that deductively-constructed correlations and theories do not always need to be verified continuously, nor does data need to be used repeatedly for verification purposes. Instead, the researchers argue that grounded theory differentiates itself from other approaches to the construction of theory through verification or grounding.

Urquhart *et al.* (2010) also suggested that the disagreement between Glaser and Strauss and Corbin was based on two fundamental issues. The first disagreement is down to the coding process. Strauss and Corbin (1990) suggested breaking the codes down to four prescriptive steps, namely open, axial, selective and 'coding for process'. Glaser (1992), on the contrary, suggested using just three, namely open, selective and theoretical coding. The second major contention between Glaser and Strauss and Corbin is based on the fact that Glaser objected to the use of a coding paradigm and the 'conditional matrix' which was designed to provide ready-made tools for the conceptualisation process.

Glaser added that to 'force' coding through one paradigm and/or down one conditional path was not grounded theory, but conceptual description, which ignored the emergent nature of grounded theory (Glaser, 1992). Strauss and Glaser's perspectives on grounded theory were highly influential on the works of graduate students such as Phyllis Noerager Stern, Juliet Corbin and Kathy Charmaz (Stern, 2009) as a result of the extent of disagreement surrounding the subject.

While some of these students became permanent allies to either Glaser (Stern) or Strauss (Corbin), other students began to infuse GT with new perspectives that were congruent with the changing tides of research at the time (Birks & Mills, 2015). A second-generation school emerged as a result of the dispute (Richards & Morse, 2007; Higginbottom & Lauridsen, 2014) to reflect different ontological and epistemological perspectives of grounded theory. Furthermore, Charmaz decided to move away from the positivism she saw in Glaser's and Strauss and Corbin's approaches to GT, choosing to approach it through a constructivist lens (Charmaz, 2006). Charmaz addressed the position of the researcher as a co-producer of data jointly with participants. As such, she acknowledges that grounded theory should maintain a relativist ontology (Mills *et al.*, 2006), but with a subjectivist epistemology, because



*'theory depends on the researcher's view; it does not and cannot stand outside of it'* (Charmaz, 2006, p. 130), since different researchers may come up with similar ideas but differ in terms of how they render them theoretically. Common to all approaches to grounded theory are strategies of theoretical sampling, constant comparison, coding, and memo writing (Charmaz, 2014; Corbin & Strauss, 2008). Although each of these paradigmatic stances of GT has been criticised for different reasons (Atkinson *et al.*, 2004; Charmaz, 2000), the essential aspect that remains is the applicability of GT across numerous areas, especially in providing ways for researchers to proceed with theorising. Other authors (Willig, 2013; Morse, 2009) have suggested that researchers should generate their own version of grounded theory during the research process, in response to classical views of GT (Glaser, 2009). Such adaptations are in keeping with the purpose for which GT was originally designed, that is, to be as flexible as possible in generating theory from data (Glaser & Strauss, 1967).

A researcher choosing to undertake GT should consider the original and the adapted versions of the methodology. There is also the need for the researcher to clearly state the version of GT they intend to use and later adhere to its procedures (Graham & Thomas, 2008). Based on these discussions, one can conclude that Strauss and others appear to advocate a more relativistic approach to ontology and epistemology (Annells, 1996), by adopting a 'reality that cannot be known, but is always interpreted' (Strauss & Corbin, 1990, p. 22) and the subjectivity of the researcher who is never 'neutral, detached and objective' (Bowers, 1988, p. 43). Although Strauss and Corbin's version of GT has been criticised as being too rigid, critics admit that the approach is more structured in terms of coding and analytical procedures, and this makes the approach readily understood by uninitiated GT researchers or beginners. Convincingly, based on extant theoretical reviews, the Strauss and Corbin approach has been used in a wider range of disciplines, including in management (Corbin & Strauss, 2008).

It is said that data for a GT research project should be acquired through using the best technique available to obtain the information that is desired (Glaser & Strauss, 1967). Although there are different versions of GT, Glaserian and Straussian, this study adopts the Straussian version of GT because their approach is located within the constructivist paradigm (Locke, 2001), which coincides with the paradigm of inquiry for this research. The systematic, flexible and emergent nature of GT fits with a

number of paradigms of enquiry including postmodernism, critical theory and constructivism (Mills *et al.*, 2006). The choice of a Straussian approach was also based on the following criteria: (1) the aim of the study and research questions; (2) flexibility; and (3) pragmatic issues related to doctoral work. Straussian GT is an iterative and inductive process based on the constant comparison between the literature, collected data, codes, categories and memos. It is not a linear process, as data collection and analysis proceed simultaneously to constantly check that developing insights are grounded in all parts of the analytical process (Strauss & Corbin, 1998). The purpose of GT is to generate theory that seeks not only to explore but also to explain a phenomenon of interest, going beyond descriptive data (Birks & Mills, 2015; Rees, 2011). In addition, it also appears to be the most suitable methodology for this study to understand customer evaluations of online service failure and recovery in the UK fashion industry.

Corbin and Strauss (2008) admitted that their version of GT has evolved and been shaped by current methodological debates like constructivist thinking. This shift in thinking applied to a type of reasoning that begins by closely examining data and after scrutiny of these data, entertains all attainable clarification for the observed data, and then forms a hypothesis to confirm or disconfirm until the researcher arrives at the most reasonable interpretation of the observed data. This is known as abductive reasoning (Bryant & Charmaz, 2010).

### **3.7 Constructivist grounded theory**

Constructivist grounded theory (CGT) is a qualitative, systematic methodology to explore processes in the context of situated interaction (Charmaz, 2006). It is based on two complementary philosophies: a) symbolic interactionism, in which people are understood to create and modify meanings in interaction with each other, and b) constructivism, in which people are seen to actively create their worlds of meaning, based on their understandings and the actions and interactions that result (Schreiber & Martin, 2014). Thus, exploring meanings is an important component of the methodology. Constructivism has its roots in symbolic interactionism and contains an emphasis on human agency in which people act, interact, negotiate and renegotiate meanings. The researcher and researched are therefore together in a cycle of meaning-making. CGT involves the concurrent collection and analysis of data to formulate theories that are 'grounded' in the world of the participants (Chenitz &

Swanson, 1986). Thus, the end product is a theoretical formulation of the phenomena of interest that explains variation in the data as well as the actions and interactions of people experiencing the phenomena. The constructivist grounded theorist begins with an atheoretical stance (Corbin & Strauss, 2008; Glaser & Strauss, 1967; Strauss & Corbin, 1998), rather than imposing a predefined conceptual framework onto the data.

The term constructivist comes from Charmaz's belief that scholars are a part of the world they are studying and the data they are gathering. For this reason, she argues that we do not discover theories but construct them, just as we construct our realities in general (Charmaz, 2011, p. 10). She believes that our worldviews are influenced by our social interactions, and even by our very research activities. Further, she believes that we need to take both the past and the present into consideration as relevant contexts.

Charmaz (2006) defined constructivism as 'a social scientific perspective that addresses how realities are made. This perspective assumes that people construct the realities in which they participate.' Charmaz developed an argument against the positivist assumptions that one external reality exists, research should be generalisable, and the researcher is an objective observer with little influence on the data and analytic processes (Wertz *et al.*, 2011). In contrast to Glaser, Charmaz proposed a GT methodology founded on a relativist epistemology. Rather than viewing the research as separate from the researcher, Charmaz suggested that the theories researchers construct through the methods proposed by Glaser and Strauss are undoubtedly affected by the researchers' lifelong interactions with people, places, education, opinions and so on (Charmaz, 2006). In other words, researchers cannot separate themselves and their experiences from their research, or be objective about the data. Instead, she argued, researchers make consistent and ongoing subjective interpretations of the data, and their ideas are grounded in their 'perspectives, privileges, positions, interactions and geographical locations' (Charmaz, 2009). In the end, researchers' findings are not representative of a true, discoverable reality but are interpretations of multiple realities 'mutually constructed by the researcher and the researched' (Wertz *et al.*, 2011). Beyond making the connection between constructivism and the stance of the researcher, Charmaz also commented on the link between constructivism and the participants' relationships with the external world (Charmaz, 2009). Just as the researcher has a socially constructed reality that

influences the research, the participant has a socially constructed reality that serves as the data (Charmaz, 2000, 2006, 2009). More specifically, Charmaz (2009) suggested that it is the task of the researcher to learn the methods by which participants construct their respective realities and to make further interpretations about this reality by locating a participant's meaning and action in large social structures and discourses of which they may be unaware.

As Charmaz (1995b) explains, it is assumed that data is generated through researcher-participant interaction, thus also determining the researcher's interpretations of the data. Here, the researcher can be considered a co-creator of data, leveraging data in order to better describe and capture interactions, situations, responses, and perceptions (Charmaz, 1995b). Charmaz (2000) emphasises the way in which data are handled, as well as the findings that stem from the analysis of data, in explaining the use of constructivist grounded theory in research. Charmaz (2000) suggests that researchers can only accurately reflect participants' voices if they submerge themselves in the data and then articulate that data in a way that ensures the front-and-centre position of participants' experiences. Charmaz (1995b, 2001) further asserts that researchers ensure that participants' experiences and the meaning applied to them are held at the core of subsequent theory through the use of raw data in the conduct of research and construction of theory. Charmaz's development of a constructivist grounded theory methodology essentially highlights the role of the researcher as a co-creator of meaning and experience, which is key for the next stage in grounded theory research.

However, Charmaz's approach has been criticised by one of her predecessors. Glaser (2002) discredited Charmaz's chapter in Denzin and Lincoln (2000) by restating how Charmaz's approach differs from his theory. Despite the critiques, Charmaz went on to write an excellent 'how to' guide for her approach to GT (Charmaz, 2006), which offers researchers detailed information on how she modified Glaser and Strauss' classical approach to fit the philosophical framework discussed above. A key tenet of Charmaz's approach is to give 'voice' to the subject and it is this principle that helps make constructivist grounded theory useful in research focused on service failure and recovery strategies.

### 3.8 Methods of data collection

Collis and Hussey (2003) define data as the numbers, facts, and other pieces of information from the present-day or from points in history that provide the foundation for research. Data collection methods including survey questionnaires and semi-structured interviews are considered in this section. It also examines the advantages, disadvantages and implications of using any of the data collection methods. Howell (2013, p. 194) stated that:

No matter what philosophical position or paradigm of inquiry is used in a research project, it is always possible to use a combination of research methods when collecting data. The rationale for the balance between these methods will depend on the objectives of the research and the extent to which qualitative or quantitative techniques are to be utilised.

According to Collis and Hussey (2003) there are two main sources of data. One is *Primary data*, which are data collected at source and these include survey, observation and experimental data. However, these are not necessarily data that have been produced by the research being undertaken. *Secondary data* are data which already exist, such as books, documents and the Internet. For Neuman (2007) such data are derived from the work or opinions of other researchers. According to Creswell (2013), data collecting procedures can be classified into four, specifically observations, interviews, documents, and audio-visual materials. As far as Howell (2013) is concerned, data can be collected through many different methods that include surveys or questionnaires, interviews (structured, semi-structured and unstructured), observations (participatory and non-participatory) and focus groups. Howell (2013, p. 206) further added that most studies and methods of data collection are based on 'some form of observation and can be used in both positivist and phenomenological studies'. Phenomenological, especially constructivist and participatory, paradigms encourage interactions with respondents in natural settings. However, when one undertakes a piece of research, one is faced with conflicting demands regarding data collection in terms of levels of validity, reliability and trustworthiness (Howell, 2013).

The researcher used both primary and secondary data collection methods in this research to build a substantive theory of online service failures and recovery strategies in the UK fashion industry. The interview technique and the survey questionnaire were

the main data collection methods used for this study. Matthews and Ross (2010) stated that using two or more ways of gathering data helps to answer research question(s) and can also help to check the validity of data. Additionally, Charmaz (2006) asserts that in order to produce credible theory, grounded theorists should focus on using various data collection methods such as interview transcripts, documents and images throughout the research process. These data collection methods are suitable for the qualitative GT method of data collection which is helpful to find out what is happening and to seek new insights into the personal experiences of customers in terms of online service failures and recovery strategies in the UK fashion industry.

The survey questionnaire was selected as a method of data collection to facilitate access to potential participants and to inform the formulation of interviews. The following section discusses the data collection techniques used in this study.

### **3.8.1 Survey questionnaires**

The survey is the most widely used data gathering technique in sociology, and it is used in many other fields as well. Surveys measure many variables, test multiple hypotheses, and infer temporal order from questions about past behaviour, experiences, or characteristics (Neuman, 2007). According to Neuman (2007, p. 167) *'Survey research developed within the positivist approach to social science'*. On the other hand, Collis and Hussey (2003) suggested that questionnaires are associated with positivistic and phenomenological methodologies, where the former approach suggests closed questions and the phenomenological approach suggests open-ended questions. Additionally, Howell (2000, 2013) affirms that a survey technique is not purely a GT method of data collection. Consequently, the author admits that it can be employed in certain ways in GT to further theory generation. Similarly, Howell (2013, p. 195) further added: *'Surveys can be used for positivist, post-positivism and phenomenological studies; however, questions normally remain open-ended and for both forms of positivism they would usually be closed'*. Closed questions can be coded quite easily, whereas open-ended questions will require further procedures following the data collection process (*ibid.*). Similarly, closed questions (structured, forced-choice questions) (de Vaus, 2013) provide a number of alternative answers from which the respondent is instructed to choose and are usually quicker and easier to answer, whereas open-ended questions allow respondents to give answers in their own way

(Fink, 2003). Questionnaires facilitate the collection of data by asking all or a sample of people to respond to the same questions (Saunders *et al.*, 2007). There are two types of questionnaires: (a) self-administered questionnaires which are usually completed by the respondents. Such questions are administered electronically using the Internet or Intranet, posted to respondents who return them by post, or delivered by hand to each respondent and collected later; and (b) interviewer-administered questionnaires which are recorded by the interviewer on the basis of each respondent's answer based on a telephone questionnaire or structured interview, where interviewers meet respondents and ask questions face to face (Bryman, 2015; Saunders *et al.*, 2007). In this study, the researcher incorporated survey questionnaires as an additional tool of data collection. This is because it was used by the researcher to gain access to the interview participants and also inform the interviews through the formulation of the semi-structured interview questions. The survey questionnaire was the first data collection tool used for the study prior to conducting the semi-structured interviews. However, some of the questions were derived from a range of previous studies on issues of service failure and recovery (Holloway & Beatty, 2003; Kozub *et al.*, 2014; Wen & Chi, 2013) while additional questions were developed to be suitable for the context of the current study. Given the above considerations and the objectives and research questions of the research in this study, open-ended questions were used. Open-ended (unstructured, free response) questions allow respondents to respond with as much detail as they wish. The self-administered questionnaire in this study was built online with the help of the electronic survey-building software Qualtrics (<http://www.qualtrics.com>) and distributed to respondents via an automatically generated URL link directing them to the questionnaire. The survey questionnaire included a total of 17 (seventeen) questions designed and sent to 70 (seventy) respondents. It addressed service failure and recovery questions to elicit brief details of a service failure which the respondent had experienced. Out of the 70 participants contacted, some 36 respondents eventually completed the questionnaire while 5 respondents began to complete it, but did not finish. Therefore, their response was excluded and not considered as part of the data analysis process.

The specific framework used for the development of the questions was based around the perceived justice constructs identified previously in the literature review. In

particular, justice theory suggests that the fairness of the resolution procedures (i.e. procedural justice), the interpersonal communications and behaviours (i.e. interactional justice), and the outcomes (i.e. distributive justice) are the principal evaluative criteria of the customer during service failure and recovery encounters. This was also essential in gaining a critical case perspective from an equity perspective, to find out whether service failure and recovery is a method of customer satisfaction.

Thus, the most relevant areas addressed by the survey questionnaire were to evaluate: (a) customer experiences of online service failure and recovery, (b) customer reactions to online service failure, and (c) the online fashion retailer's response to service failure and recovery.

The full survey questionnaire is presented as Appendix F.

The purpose of the pilot study is to ensure that all questions and wordings are clear to participants, enabling the researcher to make any necessary changes before the research data are collected for analysis (Saunders *et al.*, 2007).

The pilot study also helps to bring the issue into context as it helps to identify the practical problems in following the research procedure (de Vaus, 2013). The main objective of the pilot study is to assess the validity and reliability of the survey instrument. In addition, Saunders *et al.* (2007) contend that it will enable the researcher to obtain some assessment of the questions' validity and the likely reliability of the data that will be collected.

The questionnaires were piloted with ten students at Plymouth University. Respondents were asked to complete the questions correctly as well as to identify any issues associated with instructions or any problems relevant to the questionnaire. As a result, the questions were modified and approved for data collection as required before being sent to participants to complete. Bell (2014) suggests that it is advantageous to find out how long the questionnaire took to complete and whether in the opinion of those taking part in the pilot there were any major topic omissions.

Self-administered questionnaires are clean, quick and by far the cheapest questionnaires to administer and, if well designed, they can be useful for assessing information about a population (Neuman, 2007). However, respondents did not have a researcher available to ask for clarification concerning questions. Consequently, any problems concerning response categories or ambiguities may go undetected, and



individuals may record answers to questions which they do not understand. As a result, a carefully written, dated covering letter (Appendix B) explaining the purpose of the questionnaire was distributed. The letter asked for respondents' cooperation and guaranteed confidentiality to encourage responses to a follow-up interview.

### **3.8.2 Interview techniques**

Interviews are one of the commonest forms of collecting data from participants and have probably been used by social researchers throughout the history of research (Matthews & Ross, 2010). Interviews are used to find out more by asking in a wide range of contexts unlike questionnaires. To King (2004), the goal of any qualitative research interview is therefore to see the research topic from the perspective of the interviewees, and to understand why they have a particular perspective. Interviews as a data collection method can be classified into three discrete types, specifically structured, semi-structured and unstructured (Saunders *et al.*, 2007; Matthews & Ross, 2010; Howell, 2013). However, Yin (2011) referred to these three types of interviews with different terms: structured survey, semi-structured focused interview, and open-ended key informant interview (unstructured). In a structured interview, the researcher has a predetermined set of questions to which the respondent is invited to offer limited-option responses. With semi-structured interviews, the researcher has a list of issues to address but is prepared to be flexible in terms of the order in which these are considered. The researcher also lets the respondent explore and speak more widely to the issues raised by the researcher. Thus, the semi-structured interview is flexible and adaptable to the needs of the participants and can enable people to talk about issues. The nature of the questions and the ensuing discussion mean that data will be recorded by audio-recording the conversation or note taking (Saunders *et al.*, 2007). The emphasis in an unstructured interview is on the thoughts of respondents. The researcher's role is to be as unintrusive as possible.

A semi-structured interview was employed in this research since it allowed the respondents the chance to give a comprehensive account of a recent service failure and it enabled them to discuss how they felt about the problem, what they did, and how the online fashion retailer may have attempted to remedy the problem. The 30 semi-structured interviews encouraged participants to freely talk about issues that they felt were relevant to the topic under discussion in their own way and helped to collect data to gain a better understanding or explanation. Saunders *et al.* (2007) maintain

that semi-structured and in-depth interviews provide the researcher with the opportunity to 'probe' answers, which is a useful strategy when you want your interviewees to explain, or build on, their responses. Saunders *et al.* (2007) added that it is important if the researcher is adopting an interpretivist epistemology to understand the meanings that respondents ascribe to various phenomena. Easterby-Smith *et al.* (2015) stated that semi-structured or in-depth interviews are the most advantageous approaches to obtain data where the questions are either complex or open-ended. Howell (2013) added that they are useful when the research process or research methodology is inductively driven. On the other hand, semi-structured interviews can be very time-consuming and expensive, and there may be problems with recording the questions and answers (Collis & Hussey, 2003).

Pilot-testing was undertaken to discover what participants think is important about the research topic and to find out how people use language to talk about the topic. Semi-structured interviews were used in this way at the pilot stage of the research to help formulate more structured ways of gathering data. The prepared semi-structured interview guideline (Appendix D) was used to ensure that interview discussions remained relevant to the research aims and all areas of interest were covered.

### **3.9 Reliability and validity**

The literature identifies a variety of approaches to ways validating qualitative research (Liamputtong, 2013; Denicolo *et al.*, 2016; Ravitch and Carl, 2015). According to Easterby-Smith *et al.* (2015), reliability refers to the extent to which the data collection methods or analytical process that is applied will produce constant results. In terms of the positivist research paradigm, these depend on demonstrable reliability and the ability to replicate methodological approaches is of decisive importance. Howell (2013) added that positivists normally collect and use numerical information or data that is factual and collected via surveys undertaken on specific sample populations. The experiment is then repeated to attempt to make the same observations twice and to arrive at the same explanation as in earlier studies by demonstrating that the result is valid using the right tools (Denicolo *et al.*, 2016). Denicolo *et al.* (2016) points out that it is impossible to validate constructivist research in this way. The authors further add that authoritative and sound studies undertaken by constructivists are usually based on a robust design that is suitable for the phenomena and purpose of the research. The methods used tend to enable access to the perceptions of participants.

Validity is the degree to which the study results reflect exactly what happened in particular situations (Collis and Hussey, 2014). As Howell (2013) and Collis and Hussey (2014) argue, there is a constant threat that the validity associated with positivism will be low and so valid measurements are key and the researcher must have the aptitude to reproduce the experiment reliably. In contrast, the phenomenology research paradigm aims to capture the nature of phenomena and elicit information from the participants involved in its analysis. Based on such a paradigm, validity is always high (*ibid*). In addition, the focus in terms of validity also refers to the extent to which access to knowledge and significance has been achieved. As Ravitch and Carl (2015) suggest, constructivist research is not concerned with measuring, and constructivists do not agree with the concept of precision which is a notion that indicates the possibility of clearly identifying independent criteria. Constructivists therefore seek to ensure that their study is dependable, instead of reliable, and this is achieved through the use of a trustworthy approach and a methodology that is honest and transparent. The individual voice of the positivist research paradigm can be challenged, unlike the phenomenology paradigm where multiple voices are included in the process of the research. The single voice of the paradigm of positivism research is questioned in contrast to the phenomenological paradigm which. Several voices are involved in the process of phenomenological research. Reflectivity and reflection on final and continuous interpretations are key to the latter approach. Researcher reflexivity is becoming increasingly significant within constructivist frameworks because researchers play an essential role in the construction of meaning. Constructivism infers that both participants and researchers construct multiple realities that generate useful data (Bryant and Charmaz, 2010). A richer understanding of the phenomena was provided by a combination of data collection techniques based on semi-structured interviews and open-ended questionnaires.

In terms of the phenomenology research paradigm it is important to pursue criteria and a series of procedures in terms of authenticity, trustworthiness and the quality of results. Reliability is a less significant criterion. Rather than specific methods, Hammersley and Atkinson (2007) indicate that qualitative studies establish a faithfulness to the experiences of the participants. Similarly, Creswell and Miller (2000) and Morse (2015) add that qualitative researchers should take orientation from the

views of individuals participating in a study and not rely on instruments or research designs and scores. Given the differences in the values between the paradigms, phenomenological and qualitative researchers should conform to a number of diverse standards which are not as appropriate for positivists and quantitative researchers. Such an approach is useful in order to evaluate trustworthiness or validity.

Included in these standards are credibility, transferability, dependability, and confirmability (Denzin and Lincoln, 2000). In addition, the authors compare these criteria with the various positivist ideas of internal validity, external validity, reliability and objectivity. Related to the ideas of quantitative internal validity, credibility is the ability of researchers to consider all the difficulties that arise in research in order to deal with patterns that are not easy to explain (Miles *et al.*, 2014). A number of processes were undertaken to increase the credibility of the semi-structured interviews. First of all, participants who agreed to partake in interviews were provided with research information sheets which they were invited to read through to prepare to take part. Prior to the start of each interview, interviewees were reassured of data confidentiality. In addition, the researcher took notes which were sent to the relevant interviewees for verification before being analysed. Both the open nature of the discussion and the fact that material obtained from other sources confirms service failure types and recovery strategies point to the credibility of the interviews.

The second constituent of qualitative design is transferability, which is linked to external validity (Lincoln and Guba, 1985) or generalisability (Toma, 2011). Qualitative studies are essentially context-bound. As Guba (1981) argued, the purpose of phenomenological research is to instigate descriptive, contextual statements rather than to produce true statements that can be generalised to other settings or individuals. While preserving its context-specific richness, transferability refers to the way in which phenomenological or qualitative studies can be used. To improve transferability, the researcher has linked the methods of collection and analysis with theory, which allows the results to be linked to a larger body of work. The importance of the study then becomes clear beyond its local context and there is no requirement to replicate the findings and design.

Akin to positivist notions of reliability (Lincoln and Guba, 1985), dependability refers to data stability. Qualitative research must be well thought-out dependable and, as Miles

et al. (2014) suggest, it must be stable over time and consistent. Dependability is about coming up with a reasonable argument for how data is gathered and how it speaks to the aims of the study. The triangulation of several data sources provides further assurance that the analysis of a researcher is valid and dependable. Semi -structured interviews with online shoppers offered a multitude of data sources that were compared with each other. In preparing the questions for the semi-structured interviews, the researcher added questions that followed some of the information contained in the survey questionnaire. Careful consideration and analysis of deviating data in the study led to dependability and credibility.

As qualitative research is comparable to the quantitative concept of objectivity and confirmability, the notion that researchers in qualitative studies do not claim to be objective must be taken into account (Guba, 1981). Miles et al (2014) claimed that qualitative researchers are more likely to want to demonstrate the confirmation of data and 'relative neutrality and reasonable freedom from unacknowledged researchers biases-at the minimum, explicitness about the inevitable biases that exist' (p.311). Furthermore, (Toma, 2006, p.417) points out that confirmability 'is the concept that the data can be confirmed by someone other than the researcher'. The meaning of certain words for direct interpretation and to avoid misunderstandings was verified by the researcher during the semi-structured interviews. The implementation of triangulation strategies together with the application of researcher reflexivity processes and external audits were some of the methods used to achieve confirmability in this study.

### **3.10 Conclusion**

This chapter sets out the research paradigm, research approaches, research methodology and techniques for data collection. The chapter outlines the relationship between the major research paradigms underlying social science research, including; positivism, post-positivism, critical theory, constructivist and participatory/cooperative. In general terms, the first two paradigms come under the heading of positivism, whereas the latter three paradigms are considered to belong to phenomenology. It further differentiated between them on the basis of their ontological, epistemological and methodological characteristics. Based on these philosophical characteristics, the research problem and the complexity of the phenomenon being investigated, a constructivist paradigm was chosen to underpin the research inquiry and methodology

because it was anticipated that the way the researcher chose to answer his/her questions would be influenced by his/her research philosophy and approach and this would subsequently inform the choice of research strategy, collection techniques and analytical procedures.

The reason for adopting GT as an appropriate methodology was presented. Its qualities for generating substantive theory from more inductively constructivist procedures were discussed. A historical and philosophical account of GT was also provided, with details of appropriate justification as a research methodology and consequently the data collection techniques (i.e. survey questionnaires and semi-structured interviews). GT was identified as a useful methodology to evaluate service failure and recovery strategies in the UK fashion industry. When the key research aim is to systematically analyse qualitative data, the grounded theory methods and methodology are widely considered to be the most valuable and appropriate approaches to qualitative study.

Grounded Theory Methodology (GTM) attempts to understand the meaning or the nature of the people's experience with the identified problem and to obtain details of a complex phenomenon (Corbin & Strauss, 2008). The chapter further explored the main differences between the two key approaches that emerged from the original developers of GT, Glaser and Strauss (1967), and concluded by illustrating the reasons for using Strauss and Corbin's (1998) approach and the procedures involved in that version.

# CHAPTER FOUR

## CONCEPTUAL FRAMEWORK

### 4.1 Introduction

The preceding chapters of this study reviewed literature on service failure and service recovery and explored how customers evaluate online fashion retailers' reactions to service failure and recovery. These initial chapters provided a foundation for this chapter, which begins with a review of theories in relation to the research problem. The chapter then provides a critical review of Choi and Choi's (2014) traditional three-dimensional model and the rationale behind the decision to adopt and advance it in this study. The chapter culminates by highlighting the reasons and justifications for the theoretical choice to further develop the three-dimensional model into a graphical presentation of an improved theory-driven conceptual framework.

### 4.2 Background and conceptual framework

As service failures are inevitable, recovery strategies have become a prominent issue for managers (McCollough *et al.*, 2000; Kau & Loh, 2006; Wang *et al.*, 2011). The services marketing literature recognises two types of service encounter failures: outcome and process (e.g. Chuang *et al.*, 2012; Kozub *et al.*, 2014; Smith *et al.*, 1999). The former involves an organisation failing to satisfy a basic need or perform a core service (e.g. an online fashion retailer shipping the wrong dress to the customer), whereas the latter involves the flawed or deficient delivery of the core service (e.g. when a customer calls to the customer service of a fashion store to make a complaint and a call centre employee handles the issue poorly). Customer evaluations of service may vary according to the type of failure experienced and its associated loss (Smith *et al.*, 1999). When an outcome failure occurs the customer suffers an economic loss, whereas process failure leads to a social loss. Although services marketing literature does not provide information about which failure type has more impact on behavioural responses amongst customers, Smith *et al.* (1999) suggest that customer evaluations of service will differ according to the failure type that has occurred, since each unique failure represents a different category of loss. Therefore, when an outcome failure

occurs, customer perceptions of distributive justice will be restored by economic attributes of recovery, such as a monetary compensation or a fast resolution.

When dissatisfaction with a service encounter occurs, customers may engage in activities directed against the organisation, such as spreading negative word-of-mouth messages, switching and/or complaining directly to the organisation (Lovelock *et al.*, 2015; Tronvoll, 2011; Zhou, Tsang, Huang, & Zhou, 2014). In the first two cases the organisation often has little control over matters and is at the mercy of the customer. However, if the organisation is aware of the service failure, the action it takes to address the service failure may potentially turn the dissatisfied customer into a satisfied one. Nowadays, however, the situation is considerably different, as consumers can now complain at virtually no cost and with a minimum of effort using social media platforms. If the business does not respond quickly to a complaint, it can be posted in the public domain, thus providing the business with a far more serious situation (Grégoire, Salle, & Tripp, 2015). Indeed, Blodgett *et al.* (1995) argue that service providers should encourage customers who are dissatisfied to complain and seek redress, so that the firm has a chance to remedy the problems and retain customers.

Yet fewer than 50 per cent of complainants receive a reply, and those who do often view the organisation's response as unsatisfactory, with slow responsiveness and rudeness often cited as inadequacies (Andreassen, 2001; Grainer, 2003; Bradley & Sparks, 2012). Only 30 per cent of customers who lodge complaints with a company are happy with the company's complaint handling efforts (Michel & Meuter, 2008). Unresolved complaints may lead to a double deviation effect, depending on the expectations complainants have of the role of the service providers (Karatepe & Ekiz, 2004). Complainants may attempt to get even by engaging in negative WOM behaviour, or stop buying and warning others not to shop there (Tronvoll, 2011). This can lead to disloyalty. Customers with complaints get angrier when they are ignored. They regret that their time has been wasted and they may feel guilty about complaining. They may have to fight to make themselves heard (Varela-Neira *et al.*, 2010).

According to McColl-Kennedy *et al.* (2003), given that service failures are common in the service industry and that customers may experience dissatisfaction following a single failure, it is important that firms attempt to recover dissatisfied customers



through an appropriate set of actions known as 'the customer recovery process'. Complexity within the subject is explained by others who consider customer perspectives on failure, identifying them with unsuccessful recoveries. In relation to this, Bougie, Pieters, and Zeelenberg (2003) argued that 'most dissatisfied customers generally do not bother to complain' (p. 390), situating providers in a position where they do not comprehend the need to provide any recovery strategy. Rather than considering the service recovery process comprehensively, scholars have limited their research to specific phases. For example, Choi and Mattila (2008) studied service failure occurrence, recovery evaluation, and post-recovery behaviour. They attribute service failure causes to the marketer and the customer and sometimes to other, unknown factors. They suggest that the greater the company's failure, the lower the customer's satisfaction and tendency towards future purchasing and spreading positive WOM.

Traditionally, service failure and recovery strategy phenomena have been explained in terms of the following antecedents. In terms of recovery expectations, Keaveney (1995) suggests that customer expectations are a reflection of the service failure type, that is, whether the failure is associated with the service quality or the service providing process. Hui *et al.* (2011) explain recovery expectations in terms of the extent to which the customer trusts the marketer. Additionally, Lai and Chou (2015) suggest that the customer's recovery expectation is developed on the grounds of his/her perceptions towards the severity of failure. The diversity of antecedents as explanatory elements of recovery expectations reveals the variety across customer failure perceptions.

On the other hand, the literature has greatly used recovery strategies to explain customer satisfaction/dissatisfaction with recovery. Recovery strategies have been defined across psychological (i.e. apology and explanation), tangible (i.e. compensation and discounts) (Wirtz & Mattila, 2004; Kuo & Wu, 2012; Kozub *et al.*, 2014), and co-creation recovery strategies (Dong *et al.*, 2008; Heidenreich *et al.*, 2015; Roggeveen *et al.*, 2012). Miller *et al.* (2000) suggest that the speed of recovery must be considered in order to understand recovery evaluation. Chuang *et al.* (2012) provide a mental accounting theory which explains the process whereby people code, categorise and evaluate economic outcomes (Thaler, 1999) to bridge the relationship between service failure types (outcome or process failure) and service recovery attributes (tangible or psychological effort) in the achievement of customer satisfaction.

Additionally, Zhou *et al.* (2014) proclaim that customers generate satisfaction according to how the recovery is issued; that is, whether the recovery has been publicly or privately announced. The agreed consensus across the literature is that recovery evaluation leads to customer post-recovery behaviour. So while it is acknowledged that recovering effectively from service failures is important, much less is understood about the manner in which the organisation should attempt to recover service failures.

Studies of service failure and recovery have also developed upon a number of theoretical frameworks comprising disconfirmation theory (Churchill & Suprenant, 1982; Oliver, 1980), social exchange theory (Homans, 1961), justice theory (Adams, 1965; Ha & Jang, 2009; Prasongsukarn & Patterson, 2012) and fairness theory (Folger & Cropanzano, 1998; McColl-Kennedy & Sparks, 2003).

Rawls' theory of justice (1971) originated from Adams' (1963) equity theory. Rawls' theory of justice is of the view that customers assess a service recovery based on the notion of fairness or justice. Therefore, justice and in particular distributive justice is an equitable allocation of goods to people, as argued by Rawls (1999). Hence, Rawls proposes a theory where there is impartial allocation of positions of authority, income, liberties, opportunities, and wealth for a perfect society. However, Aristotle looked at justice as providing people with things that they have a legal right to. The discussion on equity can take place within three frameworks (Barry, 1989), namely retributive justice, corrective justice, and distributive justice. These three frameworks are further explained. Retributive justice is pertinent with the suitability of discipline in connection to an impropriety. In addition, backward-looking (retaliation) and forward-looking (deterrence) are both part of retributive justice. On the other hand, corrective justice is used to fix the shortcomings in difficulties and profits triggered by a gain or loss. Therefore, corrective justice alters each person's offer of the assets or weight with rationalisation. Lastly, in distributive justice things such as power, benefits and wealth, just to mention a few, are readjusted between actors unequal from the onset, taking suitability into consideration. These various explanations indicate different perspectives on the concept of justice from varying researchers. Equality for everyone is a common foundation that each of the researchers shares. Meanwhile, existing studies look at online service failures and recovery strategies as being uniform (Choi & Choi, 2014; Wirtz & Mattila, 2004) although from a social constructivist perspective

service recovery cannot be essentially context-free. The current study advocates that customers' failure perception, customers' expectations of service recovery and evaluation, and even behavioural responses are established subject to inherited cultural features and the interface with other social factors, as well as other customers and the service firm. Furthermore, culture impacts individuals' preferences, their decisions and how they see the world around them (Hawkins *et al.*, 2013).

From the viewpoint of positivism, there is an outside world that places value on practical improvements and 'concentrates on the precise nature and rules of events' (Howell 2013, p. 2). However, according to Kant (1992, p. 519) 'all objects of any experience possible to us are nothing but appearances that are mere representations which have no independent existence outside our thoughts'. The positivist view that, it is now conceivable for empirical languages as well as theoretical to be free and the compilation of facts must be free of the theoretical declaration are disapproved by the constructivist.

There is agreement among philosophers of science that facts are facts within some theoretical foundation. This leads to the sluggish truth which Guba (1990, p. 25) indicated perhaps only exists through 'a mental framework'. Most often the researchers' experiences, background and views (Creswell, 2013; Burr, 2015) are what constitute the constructivist understanding. It is important to know that the assertions of knowledge and the subsequent appraisal of such assertions, according to Schwandt (2000, p. 197), 'take place within a conceptual framework through which the world is defined and explained'. Constructivism is incomplete without the inclusion of 'relativist realism' – this is the argument put forth by Guba and Lincoln (1989). Relativist realism is established when people are able to use their interpretations of social and cultural factors to establish facts. Research that utilises constructivist paradigms helps the participants in the research to ask questions and design areas for inquiry and means of distribution of findings in developing research works (Howell & Sorour, 2016). As a result, research that utilises constructivist paradigms ends up giving approval to groups and individuals, challenging unfairness and aiming at improvement for social existence. So the online service failure and recovery strategy phenomenon is better understood when the constructivist paradigm line of research is used. The constructivist paradigm line of research ends up using the inductive analysis of qualitative data as this approach helps the principal investigator to pinpoint the

concern of research participants and the behaviours they use to address these concerns (Guba & Lincoln, 1994; Howell & Sorour, 2016).

Justice theory perhaps offers the most comprehensive framework for understanding the complaint resolution process from the initial service failure to the final resolution. While it is generally accepted that the three dimensions of justice are independent of one another, ultimately their combination determines a customer's overall perception of justice and therefore his or her subsequent attitude and behaviour (Blodgett, Hill, & Tax, 1997).

Hence, this study is underpinned by justice theory, which is a broadly used framework in service recovery studies (e.g. Chebat & Slusarczyk, 2005; del Río-Lanza *et al.*, 2009; Choi & Choi, 2014). In a recovery context, customers are known to evaluate the extent to which justice is performed by the service firm in its offering. Assessments are made of the type of compensation offered (distributive justice), the policies, procedures and process of rectifying the service failure (procedural justice) and of customer employee interactions (interactional justice). Extant research has extensively examined customer perceptions of justice following offline service failure and recovery encounters (e.g. Tax *et al.*, 1998; Sparks & McColl-Kennedy, 2001; Roschk & Kaiser, 2013). In a departure from past research, the present study evaluates perceived justice towards service recovery delivered online. Since prior research suggests that service recovery is effective when fair (or just), examining customers' perceptions of justice towards online service recovery, and their impact on customers' post-recovery behaviour, is imperative, and is a key objective of the present study.

Emotions have also been known to mediate the impact of justice perceptions on customer loyalty in service recovery situations (Chebat & Slusarczyk, 2005; DeWitt *et al.*, 2008). Both Chebat and Slusarczyk (2005) and DeWitt *et al.* (2008) showed that the justice perceptions of service recovery attempts have a major influence on positive and negative emotions, which, in turn, influence loyalty. Using cognitive appraisal theory and a scenario-based experiment in restaurants and hotels settings, DeWitt *et al.* (2008) argue that individual justice perceptions of service recovery attempts affect emotional responses (e.g. rage, distress, frustration, happiness, pleasure, etc.), which affects attitudinal loyalty and behavioural loyalty. To develop upon DeWitt *et al.*'s (2008) work, Chebat and Slusarczyk (2005) propose that justice perceptions influence

individual emotional responses such as joy, excitement, happiness, guilt, and anger, which, in turn, influence loyalty.

The interest of others lies in conceptualising the effects of customer justice perception and the role of customer affection in service failure and recovery attempts (Choi & Choi, 2014; La & Choi, 2012). In research exploring service failure and recovery with regard to the impacts of consumer affection and perceptions of justice, it was suggested that customer affection is significantly impacted by perceived interactional and procedural justice after service failure and recovery (Choi & Choi, 2014). The researchers also found that only in cases of extreme service failure does perceived distributive justice have a significant impact on affection. Furthermore, the findings of the study support the existence of a relationship between customer affection and both customer loyalty and word-of-mouth, thus indicating that service failure and recovery have a significant impact on the affective relationship between the company and its customers (*ibid.*).

In addition, Choi and Choi (2014) stated that perceptions of distributive justice have a significant impact on customer affection, especially in situations of severe service failure. For that reason, service managers may need to provide distributive justice or substantial tangible compensation such as refunds, exchanges, repairs, coupons, and free-of-charge replacements amongst others. When service failure is severe, recovery must entail an apology together with a quick response to the failure if recovery is to be effective in rebuilding customer affection. However, customer affection may be regained more easily with fast recovery and an apology when service failure is less severe.

On the other hand, a study by Smith *et al.* (1999) showed that customers assign a higher fairness value to both distributive and procedural justice (i.e. compensation and quick action) when they experience outcome failures (e.g. unavailable services). In contrast, when customers experience process failures (e.g. inattentive services), the marginal return on interactive justice (i.e. apology or proactive response) is higher.

The study emphasises the examination of service failures subject to non-monetary compensation to the affected customer when service severity is low, allowing the subsequent criticisms. The first is that different outcomes may be produced if otherwise, and this situation is highlighted, whether or not the three-dimensional

construct of fairness influences customers' perception. Procedural and interactional justices appear to have a greater influence because monetary compensation does not affect customer affection when a speedy response and a sincere apology for a service failure is provided; yet when one of these two dimensions of justice is not attained, then monetary compensation plays a great part in improving customers' affection (p. 125). Secondly, some methodological limitations in their study may explain the lack of convergence of their findings and conclusions. A quantitative research methodology, based on a positivist approach, was adopted using a homogeneous student sample as subjects. Following these findings and circumstances, the recommended recovery strategy by the authors can be generalised into a single principle, which is speedy recovery with an apology (but no monetary compensation). This facilitates a profitable recovery strategy for the service provider (p. 125). Hence, a 'one-size-fits-all' strategy may not work in terms of eliciting a successful recovery strategy. The service provider should identify and meet the customer's expectations with the appropriate recovery strategy.

Interestingly, extant research suggests that the three justice dimensions influence satisfaction with the service recovery (Orsingher *et al.*, 2010). However, empirical evidence reveals considerable differences in the degree of the influence these dimensions have on recovery satisfaction. For instance, Homburg and Furst (2005) found that distributive justice had a greater impact on satisfaction than procedural justice and interactional justice. On the other hand, Del Rio-Lanza *et al.* (2009) showed that procedural justice has a stronger effect on recovery satisfaction than the other two justice dimensions among mobile phone users. In contrast to the previous research findings, Karatepe (2006) found that interactional justice has the largest influence on complaint satisfaction in the hotel industry, followed by procedural justice and distributive justice. These differences in the relative strength of justice dimensions have been attributed to various factors including the study context (high customer interaction vs. low customer interaction), the nature of failure (process vs. outcome), the research methodology (experimental design vs. field study) and the nature of satisfaction measured (transaction-specific vs. overall satisfaction) (Maxham & Netemeyer, 2002; Chebat & Slusarczyk, 2005). These contradictory findings call for further understanding of the potential sources of recovery satisfaction.

The present study argues that when a service failure occurs in these situations, the appropriate service recovery attempt is not as clear-cut as simply focusing on providing compensation to achieve distributive justice. Similarly, offering the customer a quick recovery solution aimed at fixing the service problem or a thorough solution to address the process leading to the service failure will result in a reduction in satisfaction and of the likelihood of repurchase. On the other hand, a zero recovery solution is unfavourable. The service provider is better off doing something (even at the lowest level) than doing nothing at all. Maxham and Netemeyer (2002a, b) find that a customer's perceptions of fair service recovery change over time. However, the authors do not specifically define what constitutes a fair service recovery from the customer's perspective. Justice theory defines a fair service recovery attempt from the service provider's perspective, but this is not necessarily fair from the customer's perspective.

The present study argues that not all customers desire the same type of recovery solution and that several distinct recovery preferences can be identified. In other words, when evaluating whether a service recovery attempt is just or unjust, some customers emphasise distributive justice or procedural justice, whilst others emphasise interactional justice, depending on the failure situation. For instance, Chang (2008) and Kolesar and Galbraith (2000) argue that service failure recovery is more challenging in the e-service sector due to the lack of human interaction involved in online transactions. Moreover, with customers evaluating the difference between their service expectations and actual experiences, satisfaction levels can vary significantly.

Choi and Choi's (2014) research seems to have set the foundation of a comprehensive model for service failure and recovery strategy literature. However, their explanations are limited to the antecedents of loyalty in the context of service failure and recovery by finding the links between customer affection and other constructs, such as justice perception, customer loyalty and word-of-mouth intention (see Figure 4.1). To address these limitations, the current study will construct a theoretically driven model that provides a framework for considering how the nature of service failure situations (outcome or process-related failure), service recovery attributes (psychological or tangible recovery efforts) and the role that perceived justice dimensions (distributive, procedural and interactional) influence customer satisfaction and behavioural

outcomes after a service failure-recovery encounter that considers a customer perspective within the UK fashion industry.

Further, this study argues that, subject to the heterogeneity of customers, the service failure and recovery strategy is not a recurring experience. Rather, it is unique every time it happens. In this context, the customer's behaviour cannot be anticipated. Such an orientation is greatly supported by the literature on digital media (Kietzmann *et al.*, 2011; Gregoire *et al.*, 2015). The current study resonates with the ontological stance of the traditional three-dimensional model extended by Choi and Choi (2014). They hold the core assumption that realities are not objective and there can be no claim of absolute truth (Maxwell, 2005). However, this study opposes the epistemological position of the authors. They adopt a quantitative approach to develop a hypothesis to examine relationships between customer affection and other constructs such as customer justice perception, customer loyalty, and WOM in the context of service failure and recovery using survey-based methods from a cross-sectional sample of 365 undergraduate students. They also applied a confirmatory factor analysis and Structural Equation Modelling (SEM) approach to two groups of high- vs. low-score participants based on the median split of the severity of service failure. Each link in the proposed model was compared between the groups. Yet the current study maintains a constructivist perspective to examine participants' understanding of what constitutes customer satisfaction. It explores the influence of service recovery on customer perceptions of perceived justice, word-of-mouth, repurchase intentions and satisfaction in the UK fashion industry. Constructivists believe that there is no royal road to ultimate knowledge. Rather, it is contextually created by both the object and subject of the inquiry (Ozuem, 2004), and hence the epistemological position of this study has been framed and reframed by participant accounts and experiential backgrounds.

Therefore, this study harbours a constructivist intention to understand the world of human experience in which reality is socially constructed (Mertens, 2014). Thus, all knowledge, and for that matter, meaningful reality is contingent upon human practices, and can be elicited and refined only through interactions between and among the investigator and participants. This study gathered data from online fashion shoppers through semi-structured interviews and survey questionnaires in the UK. Grounded theory was then used to analyse data by building open codes, axial coding, and lastly

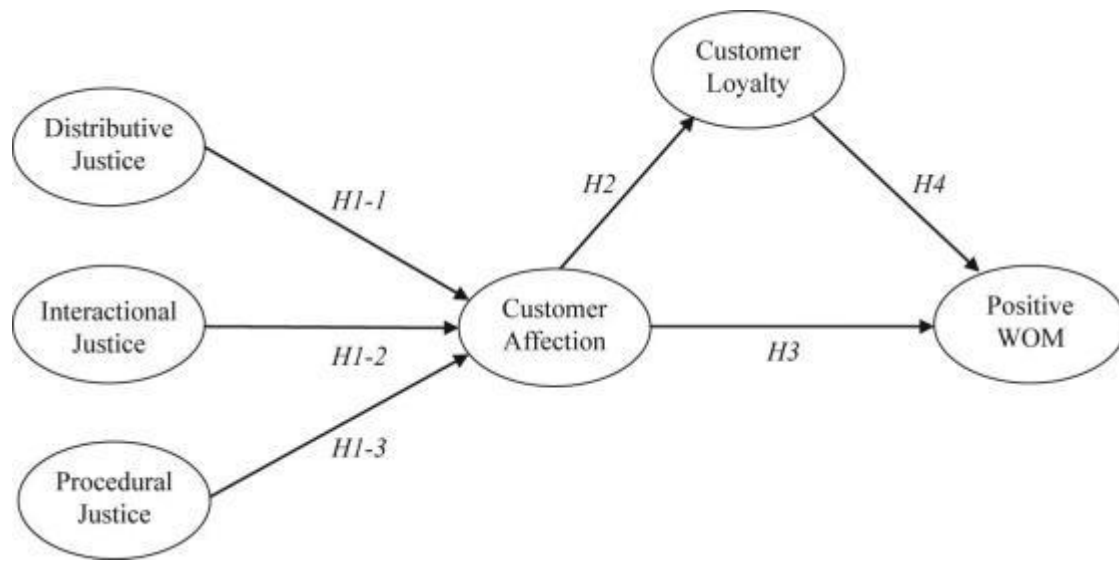


selective coding. This approach was taken to enhance shared theoretical understandings of the theoretical model which has been proposed and designed for this study in terms of what constitutes customer satisfaction, to mitigate customer switching to another online fashion retailer during service failure situations.

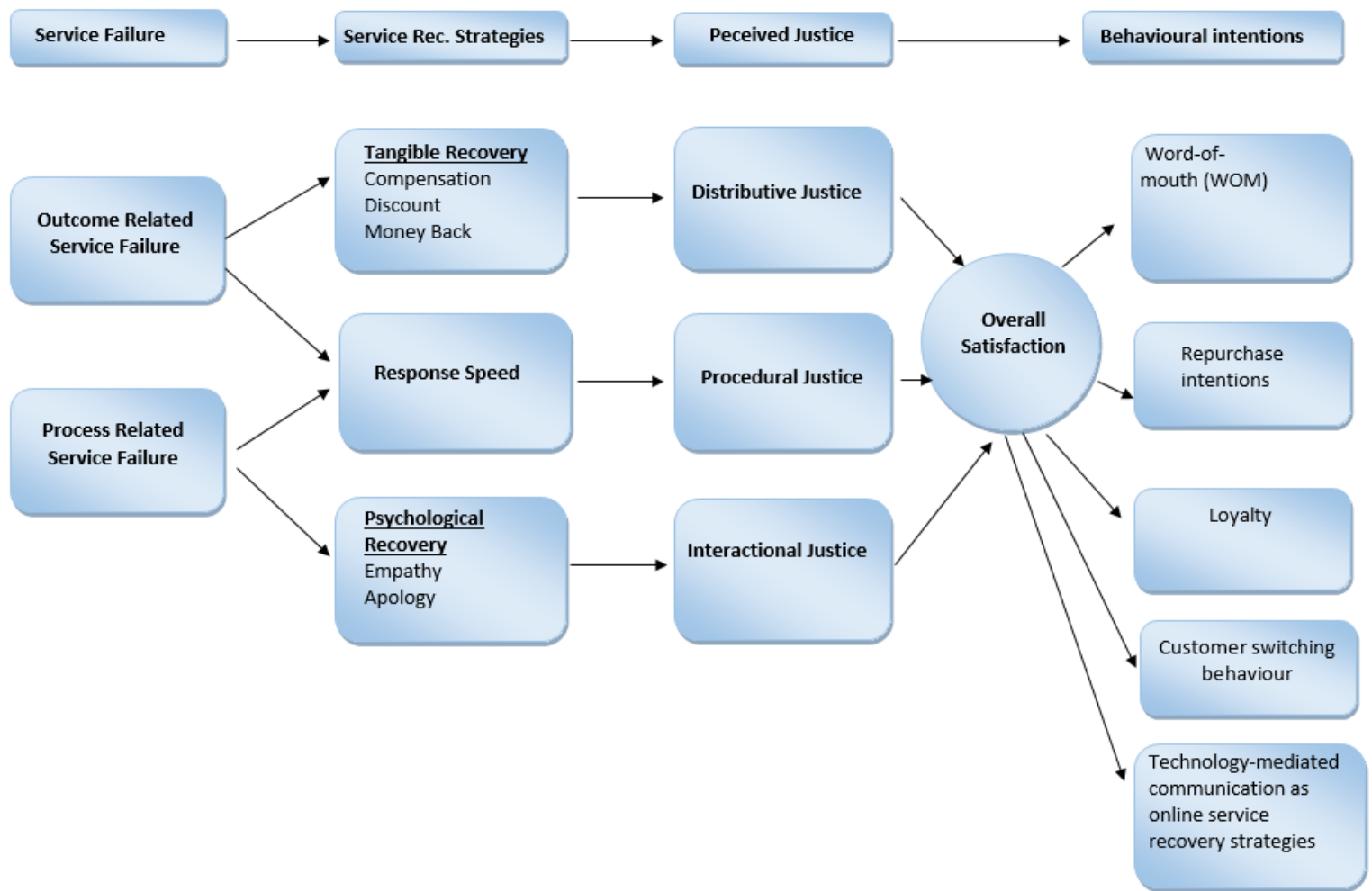
Consequently, constructivism rejects objectivism and a single truth as proposed in positivism and post-positivism. Bettis and Gregson (2001) uphold that researchers and those researched, or the phenomena studied, engage in dynamic interactions that create the meaning of the findings. This makes the investigator and the object of the investigation interactively linked, creating the findings as the research proceeds. Given the results of research conducted by Keaveney (1995) and Knox and Van Oest (2014), wherein it was found that the main drivers of customer switching behaviour in the service industry are service failures and unsuccessful recovery, the current research explores switching behaviour and related social phenomena with the aim of determining the meanings associated with these phenomena. Customer satisfaction, the customer-brand relationship and the avoidance of customer attrition are all significantly influenced by service recovery effectiveness. The present research is conducted under the constructivist paradigm since it expands beyond existing theory by exploring service recovery with a focus on perceived justice, as well as customer switching behaviour and other related constructs.

Recently, Ozuem and Lancaster (2014) introduced social constructivism in the specific context of online service failure and recovery strategies. They suggested that such an approach permits a comprehensive and contextual conceptualisation of the phenomenon. In line with the aforementioned, and subject to the extant literature and to 'self-experiential knowledge' (Maxwell, 2013) of online shopping in the UK fashion industry, this study suggests that, aside from post-recovery satisfaction (i.e. antecedents presented by Choi & Choi, 2014) there are other antecedents that explain customer perceptions of satisfaction throughout the failure recovery strategy process. The possible antecedents are as follows: different types of service failures (e.g. technology service failures and customer service) warrant different service recovery types and various approaches to the speed of recovery and behavioural intentions. These factors characterise organisational performance during service failure-recovery encounters, and operate indirectly through perceived justice theory to influence

customer satisfaction. This has informed the content of the following proposed conceptual framework (Figure 4.2):



*Figure 4.1: Research model of the effects of perceived service recovery justice, adapted from Choi and Choi (2014)*



*Figure 4.2: A conceptual framework of service failures and recovery strategies experienced in the UK fashion industry*

### 4.3 Conclusion

This chapter introduces the logic behind the conceptual framework proposed for this study. It introduces this logic as an approach that has been informed by the work of Choi and Choi (2014). The chapter then provided a critical review of Choi and Choi's (2014) traditional three-dimensional model, and it explored the rationale behind the decision to adopt and advance this into a graphical presentation. The use of perceived justice theory and constructivism in this study enables a more robust understanding of how customers evaluate the effectiveness of service recovery procedures. Its results imply that when a customer encounters service failure, as long as the service provider can match the recovery action to its corresponding failure type, appropriate recovery

efforts and perceived justice, a high degree of customer satisfaction will be achieved. This can reduce the likelihood of customer switching behaviour and it can mitigate the spread of negative WOM.

# **CHAPTER FIVE**

## **DATA ANALYSIS AND FINDINGS**

### **5.1 Introduction**

Chapters 1 and 2 described the context of the study and reviewed relevant literature in relation to the subject domain. Previous chapters also identified the research gap for the study. Chapter 3 described and justified the choice of research methodology and gave details of the practical aspects taken towards achieving primary research through appropriate methods. Chapter 4 followed up on this discussion with a critical review of Choi and Choi's (2014) traditional three-dimensional model and the decision to develop it that informs the study. It also proposed a model which encompasses other key behavioural intentions (e.g. WOM, repurchase intentions, loyalty, technology-mediated communications) after service failure and recovery have occurred.

In this chapter the results of the data are analysed, reviewed and discussed utilising the three-stage coding approaches of open, axial and selective coding (Corbin & Strauss, 1990). Data analysis employs a number of stages, starting from collecting data, coding data, carrying out theoretical sampling, and analysing data. Furthermore, this chapter is divided into three parts. The purpose of the first part is to provide an overview of the main methods of data collection and coding procedures that fit the qualitative grounded theory methodology adopted for this study. It also addresses a set of common characteristics such as constant comparison, coding (McCann & Clark, 2004) and data accessibility during the undertaking of research. There are two main sources of data: primary and secondary data. Primary data are collected at source, whereas secondary data already exist.

This study aims to understand how customers evaluate fashion retailers' responses to service failure and recovery strategies in the UK fashion industry from the perspectives of online shoppers.

It further examines the grounded theory coding procedures that were employed by the researcher. The chapter presents a justification for the approach and methods adopted. Within the grounded theory method is what Glaser and Strauss (1967) and Strauss

and Corbin (1998) call theoretical sampling, which is carried out not only to increase the size of the sample, but also to increase its diversity so that more and different properties will be discovered until no new data occurs. Following this concept, the need for additional data from alternative sources during and after the interviews was dictated by this method until theoretical sufficiency was achieved.

## **5.2 Data collection and coding procedures**

Prior to commencing data collection, ethical approval was obtained from Plymouth University's Ethics Committee. Some potential participants expressed interest in participating by contacting the researcher following the completion of the questionnaires. This is consistent with the core elements of a grounded theory methodology (Corbin & Strauss, 2008). Purposeful sampling, also called judgemental sampling (Tong *et al.*, 2007; Saunders *et al.*, 2007), was used to locate people who had experienced online service failure. A purposive sampling technique was also used to select respondents who best met the purpose of the study. Holstein and Gubrium (2004) stated that selecting participants because they are likely to describe their perceptions and experiences underscores the theoretical commitment of purposive sampling procedures in interpretive research. Key informants were customers who were able to recall poor experiences of online service failures. Many potential participants were approached. Some accepted and some declined to participate in the study. Once a participant was identified, the researcher approached him or her directly in order to help establish a relationship of trust, which facilitated the process of data collection. To establish an equitable relationship between participant and researcher, it was important to be explicit about the nature of the study. The researcher explained how the information would be collected, processed, and utilised. Contact was made with interested participants and research packages were forwarded to each. Materials included a letter of information and a written consent form explaining the aim of the study, the voluntary nature of participation, their right to withdraw without specifying why, the confidential nature of the study and information for the completion of the questionnaire (see Appendices for informed consent forms). All participants signed an informed consent form, and a date was set for the first interview. This practice is in line with recommendations by Jansick (2001) that researchers should consult participants throughout the research process. This ensures that the concepts and methods that were adopted were culturally valid and sensitive to the population concerned (Denzin

& Lincoln, 2005). The study employed a grounded theory methodology, which is commonly used for building theory from data and for studies of process (Strauss & Corbin, 1998). Theory is grounded when it emerges from, and generates explanations of, relationships and events that reflect the life experiences of those people and processes that the researcher is attempting to understand (*ibid.*). Based on such an approach, researchers remain open to the unexpected. They are willing to change direction or focus more clearly on the research project. Primary sources of data were collected through semi-structured interviews with subjects in individual meetings. Participants were recruited based on their experiences of the nature of service failure and recovery that they had encountered in previous years. The participants received no monetary compensation. Before conducting an interview, the researcher summarised the study objectives and presented himself not only as an investigator but also as an expert with a professional background. The day before the interview, the researcher called to confirm the appointment and offered a brief reminder about the content of the interview. At the beginning of each interview, a few minutes were used to make respondents feel comfortable and at ease with the setting. At all times an informal atmosphere was maintained. To ensure openness, the first question in the interview was a general question: "What type of service failures do you experience when shopping on the Internet?". Participants were allowed to speak freely without interruptions. In cases where something was unclear, supplementary questions were asked to elicit clarification. Researchers cannot make a judgment regarding sample size until they are involved in data collection and analysis (Corbin & Strauss, 1998; Glaser & Strauss, 1967). They must allow the data to dictate the sample size. Therefore, it is important to undertake data analysis during the data collection process. After each interview, the researcher or researchers should review the data and the emerging themes. This review will help identify the point of theoretical saturation. Rather than seeking population representativeness, the sampling strategy sought to exhaust theoretical ideas associated with non-access. Walsh (2003) suggests that samples are evaluated based on the ability to provide important and rich information, not because they are representative of a larger group. The sample size was determined by saturation through a sampling process (Corbin & Strauss, 2008), meaning that research guided the data collection, and the process continued until no new concepts were acquired (*ibid.*). Prior research employing qualitative research methods such as interviewing confirms that theoretical saturation occurs somewhere

between the stages of reaching 30 and 40 participants (Emmel, 2013; Guest *et al.*, 2006). Saturation will be deemed to have occurred once three consecutive interviews do not yield any new substantive codes during initial analysis. Consistent with the recommended samples sizes for grounded theory (Morse, 2000; Thomson, 2011), a total of 30 persons were interviewed between November and December, 2016 until saturation levels were achieved, whereby no new theme and concept emerged from the data (Strauss & Corbin, 1998). The respondents in this category were all professionals in various fields, and each had knowledge and experiences of online service failure and recovery. Each was 18 years and above. The individual interviews were one-on-one using a semi-structured format with some guiding questions. The semi-structured interview (presented as Appendix D) was used. Interview guidelines were developed based on the purpose of the research and an extensive review of the relevant literature and results of pilot interviews. Charmaz (2006) stresses the importance of carefully developing interview questions to elicit rich details of the social processes and issues being studied. Careful attention was thus devoted to the design of the interview guide in order to obtain rich and useful data as a solid foundation for theoretical development (Charmaz, 2003). Research conducted within the qualitative paradigm is characterised by its commitment to collecting data from the context in which social phenomena naturally occur and it is used to generate an understanding which is grounded in the perspectives of research participants (Bryman, 2015; Miles *et al.*, 2014). Participants were asked several questions about levels of online dissatisfaction related to purchases and sequences used by retailers to recover online service failure. The informants were encouraged to respond truthfully and openly. Charmaz and Belgrave (2012) indicate that in-depth qualitative interviewing fits grounded methods predominantly well, and this kind of interviewing is a flexible, emergent technique. Various ideas and issues emerge during the interview, and the interviewers can immediately pursue these leads. The time and place for the interviews were arranged with each participant, guaranteeing privacy and confidentiality. The researcher was as flexible as possible in relation to the needs and requests of interviewees. All interviews typically lasted for approximately 20 to 30 minutes in duration (although some lasted as long as one hour). None of the interviews was audio-taped due to objections that were raised. Hand-written notations were taken instead and later analysed, following the methodological framework. Theoretical memoing took place throughout the process of data collection and analysis (Charmaz,



2006). The transcriptions and the notes were used for the coding of data in the subsequent analytical phase. Additionally, data were collected from pertinent literature and documents. The constant comparative method for analysing data in grounded theory treats literature as 'data' and repetitively compares it with emerging categories which are then integrated in the theory. The properties and dimensions brought out from the comparison method were used to examine incidents in the data (Strauss & Corbin, 1998). All data were maintained as confidential transcripts through the use of de-identification, as well as being maintained on password-protected devices and encrypted systems. In line with the ethics of qualitative research, pseudonyms were used to protect the privacy of research participants throughout data analysis and the communication of findings.

**Survey questionnaires** – *A survey of customer evaluations of online service failure and recovery strategies in the UK fashion industry. Indeed the analysis of the 36 survey questionnaire allows areas that informed the semi-structured interviews in terms of the question formulation.*

**Interview techniques** – *In all, 30 semi-structured interviews were conducted with customers who personally had past experiences of online shopping, providing insights into online service failures and generating ideas of recovery performances in the UK fashion industry.*

Figure 5.2: Summary of data collection

### 5.2.1 Secondary sources of data

Secondary data are statistics that already exist and such data are gathered for a specific purpose and not for the immediate study at hand. Primary data, in contrast, originate from the researcher and are gathered for the purpose of the investigation at hand. The purpose, therefore, defines the distinction (Malhotra & Birks, 2007; Saunders *et al.*, 2007). A great quantity of research exists in the United Kingdom and beyond which helps to connect the data collection effort with the research questions, methodology and objectives of the study. The combination of primary data in the form of semi-structured interviews and questionnaires together with secondary data from other studies in this area enabled the researcher to carry out an empirical evaluation

of service failure and recovery strategies in the UK fashion industry in relation to pre-existing theoretical perspectives using grounded theory. Even though interviews and questionnaires are the major data collection methods used in this research, other secondary sources were obtained from journal articles available mainly from electronic databases, such as the British Library and the University of Plymouth electronic library. Besides these journal articles, books, conference papers and trade papers were also used. The knowledge and understanding acquired as a result of combining the primary and secondary data used for this research enables the researcher to develop a greater understanding and awareness of service failure and recovery issues. By studying and reviewing secondary literature the researcher develops an overall understanding of the research area and can identify research gaps.

### **5.2.2 Theoretical sampling and data collection procedures**

GT adopts a very particular approach based on theoretical sampling, constant comparison and data saturation. Theoretical sampling is a variation of purposive sampling which is based on the ideas and processes of GT (Matthews & Ross, 2010). It assumes that data collection, analysis and the sampling of cases take place concurrently, and that any sampling of new cases for data collection continues until there is no further data emerging from each additional case. The process is described by Glaser and Strauss (1967) as the construction of theory based on data collection, coding and analysis, and the further development of theory based on the identification of further data types and sources. Therefore, the data collection process is guided by theory as it is developed.

It is proposed that theoretical sampling is most suitable for instances where specific concepts have already been identified (Charmaz, 1990). Initial data collection commences with a fairly 'random' group of people who have experienced the phenomenon under study, to begin to develop concepts. Theoretical sampling is then used to generate further data to confirm and refute original categories.

Thus the initial cases are usually selected on a relatively unstructured basis. A 'theory' begins to emerge from the initial data, then further cases are selected to explore and test the emerging theory. The researcher is also interested in identifying 'negative cases'. These are cases that do not conform to emerging theory, as it is from these cases that theory can be amended and developed. This continues until there is no

new theory emerging and theoretical 'saturation' is reached (Matthews & Ross, 2010). In this study, the need for further data during and after the interviews and from other sources was dictated by this method until categories were saturated. After the saturation of categories was achieved, leading to the emergence of a near core category, a process was coded. The GT approach supports the development of a relevant model to represent the theory that emerges. The study adopted a combination of data collection techniques to develop further data to confirm and disprove original categories, to offer a detailed understanding of the categories in terms of their properties and dimensions, and to establish the relationships between categories.

To yield data for a qualitative investigation, a combination of data collection methods was employed which made it possible to discover categories, understand their characteristics and allow relationships to be built between categories. For this study, survey questionnaires and semi-structured interviews were the main strategy used for data collection. Each of these methods is a type of theoretical sampling which is generally associated with in-depth studies with research designs that are based on the gathering of qualitative data and focused on the exploration and interpretation of experiences and perceptions (Matthews & Ross, 2010).

Theoretical sampling involves open sampling, relational and variational sampling, and discriminate sampling (Strauss & Corbin, 1998). These stages correspond directly with their open, axial, and selective coding practices. Strauss and Corbin (1990) explain that open sampling is the sampling of events, places and individuals that offer the deepest insight into the topic of research. Relational and variational sampling is used 'to purposefully choose persons, sites, or documents that maximise opportunities to elicit data regarding variations along dimensions of categories, and that demonstrate what happens when changes occur' (Strauss & Corbin, 1990, p. 186). According to Strauss and Corbin (1990), this phase of research involves the attempt to verify or disprove cases, with discriminate sampling involving the selection of materials, individuals and places that will provide the greatest likelihood of addressing the gaps in weaker categories and confirming connections and stories in relation to these categories.

In fact, the researcher stopped interviewing new participants as it was thought further interviews would not add anything new to the findings. It was at this point when data saturation occurred. Data saturation was defined by Glaser and Strauss (1967, p. 65)

as the point at which 'no additional data are being found whereby the researcher can develop properties of the category'. In other words, the researcher continued expanding the sample size until data collection (e.g. interviews) supplied no new data (Goulding, 2002; Locke, 2001). By ignoring theoretical saturation the researcher risks creating theory based on an inadequate development of patterns or themes, and the result might yield findings that are based on poor reliability and/or validity (Jones & Noble, 2007). Researchers tend to reach back to those data sources that are most apt to help them in validating theory. The theoretical sampling procedure dictates that the researcher chooses participants who have experienced or are experiencing the phenomenon under study. By doing so the researcher has chosen 'experts' in the phenomenon and such participants are thus able to provide the best data (Corbin & Strauss, 1998). The flexibility of theoretical sampling allows the researcher to follow directions indicated by the data; hence, a reduction in sample size is possible by choosing appropriate participants (Strauss & Corbin, 1998).

As Strauss and Corbin (1990) suggest, the purpose of theoretical sampling is to select situations that are representative of certain categories and their components, which allows the researcher to define the conceptual relationships between them.

The study employed three basic analytic processes which were open coding, axial coding and selective coding (Corbin & Strauss, 1990; Strauss & Corbin, 1990).

In this study, the survey questionnaire was used as an introduction to the interviews and it informed subsequent interviews. Analysis of the completed survey questionnaires identified categories related to the phenomenon under investigation, which were coded and compared with the categories that also emerged from the semi-structured interviews. Cases that showed potential for additional exploration were also emphasised in the survey, which confirmed the suitability of purposive sampling for the interview stage.

Open and axial coding was conducted using the primary data collected from semi-structured interviews, which allowed categories to be determined along with the connections between the categories.

Thus, in open coding the semi-structured interviews are the fundamental method that contributes to the discovery of open categories in terms of their properties and dimensions. Conversely, in the case of axial coding it contributes to identifying core

categories as well as discovering the relationships between these categories. Strauss and Corbin (1990) explain that selective coding begins with the selection of the core category, which is then systematically linked to other categories. These relationships are then validated, with under-developed categories then addressed.

Throughout these processes, incidents and anecdotes were compared for similarities, variations and differences within and across interviews. Moreover, incidents were compared with other incidents and with developing concepts. Concepts were compared to concepts, and once the analysis developed beyond these stages, relationships were compared to relationships. This approach is known as the constant comparative method and is one of the core elements of grounded theory (Weed, 2009).

### **5.2.3 Accessibility to data**

In this study, access to participants was secured through participants who had completed the questionnaire and subsequently showed interest in a follow-up interview using the purposive sampling approach. Purposeful sampling requires access to key informants in the field who can help in identifying information-rich cases (Patton, 2015). This was particularly helpful at this stage of the data collection process to identify potential interviewees. As far as the researcher is concerned, gaining access to elite subjects was considered an achievement in itself, but conducting the interviews was even more significant. This made it possible for the researcher to gain insight into the phenomenon of online service failures and recovery strategies through the use of 'theoretical sampling' (Strauss & Corbin, 1998). Participants selected for the study were those considered to have access to the information required. Such participants were willing to reflect on the phenomena of interest. They had the time, and were willing to participate in the research (Morse & Richards, 2012). An essentialist/realist approach views qualitative interview data as an expression of personal views, meanings and experiences (Wilkinson *et al.*, 2004). Strategies to gain access allowed sufficient time to contact participants through official letters, highlighting the academic purpose of the research to participants to generate interest. Correspondence provided written assurances of confidentiality and anonymity in reporting the study and follow-ups. Phone calls were made and further explanations were provided to help overcome potential access negotiation issues from the outset.

Access to respondents was a motivating factor as most respondents when invited to be interviewed were enthusiastic, although establishing credibility with intended participants and gaining cooperation to conduct interviews with participants was time-consuming considering the restricted window of time in which to carry out research. Irrespective of the sampling method used, the researcher also confronted the problem of non-responses to the survey. Non-responses occurred because participants refused to be involved in the research for various reasons. Some were too busy, some declined to respond, others were not interested or indicated that it would take too much time.

There were also many things that made the research frustrating. For instance, fatigue set in after some time and occasionally the research did not go to plan or according to time schedules. Thus, continuing the research itself represented a challenge. Matthiesen and Richter (2007), Clark and Sinclair (2008) and Sekaran and Bougie (2016) offer suggestions for dealing with frustration and fatigue issues in research. This reinforces the importance of persistence in access negotiations.

## **5.4 The grounded theory process**

The first step in the GT process involves framing an inquiry in terms of genuinely seeking to discover the views and concerns of those involved (McCallin, 2003). Rather than being driven by models or theories, the researcher asks 'How do others see it?' Giske and Artinian (2007, p. 68) stated, 'Meaning, action and interaction are central to grounded theory'. According to Strauss and Corbin (1990, p. 23), grounded theory is an inductive process that emerges from 'the study of the phenomena it represents'. It relies on qualitative data, and generates 'theory' in the form of concepts which 'explain' the ways participants view situations. Grounded theory is a particularly useful methodology to explore areas where relatively little is known about a phenomenon or where existing theories have not adequately explained it. It is for the latter purpose that grounded theory was chosen to evaluate online service failure and recovery strategies in the UK fashion industry. GT studies require researchers to have a creative imagination, formed by significant personal and professional experience, in addition to technical knowledge and awareness of alternative paradigms. Strauss and Corbin (1990) argue that 'good science' ('good theory') is produced through this interplay of creativity and the skills acquired through training. It is imperative to distinguish between GT as opposed to Grounded Theory Methodology (GTM). Strauss

and Corbin (1994) describe GT as a set of relationships that offer a plausible explanation of the phenomenon under study, specifically, the theory that is grounded in data which are systematically gathered and analysed. The theory develops during the research process itself, and is a product of continuous interplay between analysis and data collection (Glaser & Strauss, 1967; Charmaz, 2000). GT, which is inductively derived from the phenomena, represents and must satisfy four central criteria as follows: fit, understanding, generality and control (Strauss & Corbin, 1990). Fit (or relevance) holds that the theory fits substantive data in addition to validity, meaning that the naming of the category or its property fits the data. Understanding means that the theory is comprehensible to all involved in the area of study. The researcher tries to achieve this criterion of credibility by presenting her/his theory in a clear and understandable way, particularly for those people in the same field of study. At the same time, during the research process the researcher always asks herself/himself these important questions: Are the concepts identified systematically related? Are the conceptual linkages and the categories well developed? Is there conceptual density? In addition, the researcher should be concerned with presenting her/his theory and findings in an adequate manner, and in a very reflective and deep way. Generality entails that the theory is applicable in a variety of contexts. Most GT studies are concluded at the 'substantive' (context specific) level rather than developed to the general level (Strauss & Corbin, 1998). The researcher needs to be able to develop a substantive GT, and so leaves this issue (generality) to be confirmed perhaps by other researchers. In other words, the researcher postulates her/his theory and maybe later on somebody else will test if it is possible to apply it in another setting. Control implies that the theory should provide control as regards action towards the phenomenon. Therefore, the researcher tries to exert control over states and conditions. The researcher should do her/his best to modify and control these conditions positively to her/his research. In addition, the researcher tries to focus upon, and manage, a huge amount of data in order to extract and show the significance of the theoretical finding to present findings in the most appropriate and relevant form. GT is derived from the phenomenon under study. This contrasts with the hypothetic-deductive method, where theories are generated from cyclical testing and refined from previously constructed hypotheses (Birks & Mills, 2015). In GT studies, theory emerges from the systematic examination of the phenomenon. This research aims to develop a substantive grounded theory in the data being investigated in relation to the perspectives of online

fashion shoppers regarding service failure and recovery strategies which are considered effective for fashion firms in the management of service failures in the UK fashion industry.

#### **5.4.1 The constant comparison method**

The constant comparative method of data analysis is one of the main features of GTM whereby data collection and analysis occur simultaneously, commencing with initial data collection (Glaser & Straus 1967). This is when the analysis of data collected usually compels new data collection, leading to further integration of categories to form a substantive theory (Gibson & Hartman, 2014; Glaser & Strauss, 1967; Urquhart, 2013). This method of data analysis is an integral feature of Grounded Theory methodology and it is 'consistently applied, despite the researcher's philosophical or research orientation' (Duchscher & Morgan, 2004, p. 607). According to Urquhart (2013, p. 17), the process of constant comparison 'allows the meaning and construction of concepts to remain under review'. Therefore, Grounded Theory is 'a dynamic relationship between sampling and analysis, which enables the researcher to check that emerging findings remain constant as further data are collected' (Elliott & Lazenbatt, 2005, p. 51). This research seeks to generate a substantive theory grounded in the data being investigated in relation to the perspectives of online fashion customers regarding service failures and recovery strategies in the UK fashion industry. Therefore, the researcher used the constant comparative analytical method to rigorously compare all freshly collected data with data collected earlier (Gibson & Hartman 2014; Glaser & Strauss, 1967).

#### **5.4.2 The coding process**

Coding is the first step in taking an analytic stance towards data. In GT, data analysis involves searching out the concepts behind the actualities by looking for codes, then concepts and finally categories (Glaser & Strauss, 1967). Although coding is very versatile, at its most basic the idea of coding is to mark part of the data that is 'interesting' so that it can be found again for future study or at the point where academic writing is completed. The researcher might wish to note all the occurrences of a particular event/phenomenon or might want to highlight something for comparison with something else (Matthews & Ross, 2010). Coding interview transcripts, field notes and other data allow researchers to make inferences regarding events, with Glaser



(1978, 2011) explaining that coding helps to build theory by dismantling the data and gathering it into conceptual codes. This steers the researcher towards the conceptual position and away from the empirical. Howell (2013) and Urquhart (2013) further explain that once the data have been separated, they are compared and categorised based on their similarities, which results in the creation of numerous categories of distinct data. Along with generating theory, this also helps to describe and capture the overall themes and nature of the data through reduction, induction and iteration. Furthermore, researchers can ensure that the data are uninfluenced by their own perspectives by performing line-by-line coding.

Coding, in grounded theory, is similar to its use within qualitative traditions, but it is also much more. In GT, its level of development and specificity clearly distinguish it from other qualitative methods. Thus, one of the main purposes of coding in GT is to find the 'core category' (Matthews & Ross, 2010). Coding is not simply part of data analysis; it is the 'fundamental analytic process used by the researcher' (Corbin & Strauss, 1990, p. 12). It is what transports researchers and their data from transcript to theory.

Coding in GT is the process of analysing data. As a process within grounded theory, data analysis involves the researcher as an actor in the process. They are the people who intervene, manipulate, act on, conceptualise, and use specific techniques to generate or discover the theory. Strauss and Corbin (1990) defined coding simply as 'the process of analysing data' (p. 61) by 'making of comparisons and the asking of questions' (p. 62) as basic to the coding process. Glaser (1978) described two levels of coding, and Strauss and Corbin (1998) described three levels of coding. Schreiber (2001) cautioned that some of the coding systems may seem complex to novices, so it is important to approach coding simply as an aid to theoretical sensitivity, or as a view to understanding the data. Strauss and Corbin (1990) have insisted on the use of the constant comparative method and questions within these phases, with each having specific procedures aimed at achieving distinct purposes. Coding is also highly time-consuming (Allan, 2003). It requires a word-by-word, line-by-line detailed reading of the data.

In GT research, data collection and data analysis occur concurrently. Qualitative interview data was systematically collected and analysed in an attempt to understand the qualitative research process in terms of: *What was done; how it was done; and*

*why it was done* as well as adherence to the identified criteria for qualitative research. This ensures the authenticity and trustworthiness of the research into online service failure and recovery strategies in the UK fashion industry. The interview data generated along with the notes were analysed using Strauss and Corbin's (1990) coding process labelled open, axial, and selective. These codes are generated and validated using the constant comparative method, and coding, at each stage, terminates when theoretical saturation is achieved with no further codes or relationships among codes emerging from the data. The subsection below discusses the process of analysis in grounded theory, which involves coding data.

### **5.4.3 Open coding**

Open coding is described by Glaser (1978, p. 56) as 'coding the data everyway [sic] possible'. This early stage of coding comprises comparing incidents and deriving codes from the data collected by identifying vital words, or groups of words, in the data and then labelling them for that reason (Birks & Mills, 2015). Urquhart (2013, p. 10) further explains that open coding is basically 'going through the data, line by line or paragraph by paragraph, attaching codes to the data and very much staying open, seeing what the data might be telling you'.

Open coding serves as the first step in a theoretical analysis towards the discovery of categories and their properties (Glaser, 1992; Strauss & Corbin, 1990). In open coding, variables involved in the phenomenon are identified, labelled, categorised and related together in an outline form. Incoming data were constantly compared (Strauss & Corbin, 1998) so that words, phrases, sentences and paragraphs of field notes were compared with other indicators in the data. Incidents were compared with incidents and concepts with concepts to identify similarities and differences (Glaser & Strauss, 1967; Strauss & Corbin, 1990). A number of concepts emerged as the interview process progressed.

During the process of open coding, the researcher broke down the data into incidents, made constant comparisons of incidents with incidents, and always asked the question 'what category or property of a category does this incident indicate?' (Glaser, 1992, p. 39). This is how the researcher developed the properties of the emergent categories in this study.

#### **5.4.4 Axial coding**

Whilst open coding is the first step towards drawing out the main concerns of the participants, the next stage in the coding process is the point at which the researcher starts to draw these together. The aim here is to produce 'concepts' (Allan, 2003). Concepts are the higher-level groups of issues created by pulling together issues that are related, and these groups are created by using a process called axial coding (Saunders *et al.*, 2007). To Strauss and Corbin (1990), the purpose of axial coding is to put the fractured data back together in new ways 'by making connections between a category and its subcategory' (p. 97). As Glaser (1978) explains, data are opened up and separated through open coding. Axial coding then reconstructs the categories with a new conceptual method to highlight potential theoretical insights. In other words, open coding separates data for the purpose of creating distinct categories, whilst axial coding reconnects the categories with each other.

Axial coding is still concerned with the development of a category, but beyond that of properties and dimensions. In axial coding the focus is on specifying a category in terms of the conditions that give rise to it, the context in which it is embedded, the strategies by which it is handled, and the consequences of those strategies. Each of these features is called a sub-category. Thus, axial coding links a category to its subcategories in a set of relationships that Strauss and Corbin (1990, p. 99) called the 'paradigm model'. In axial coding there may be numerous concepts created, and a number of them will be reflective of the breadth of concerns expressed by the participants.

#### **5.4.5 Selective coding**

The last stage of the analytical process is the stage known as selective coding. This is the point at which the researcher identifies one issue, or the most important issues, which will form the basis of the theory developed out of the results (Collis & Hussey, 2003). According to Strauss and Corbin (1998, p. 143), selective coding is the 'process of integrating and refining the theory'. To accomplish this final task, the analyst selects a core category and then relates all other categories to the core as well as to the other categories. The aim of this process is to generate theory that has a main focus, becoming the core category of the theory, based on the integration of the analysis at it takes shape. Strauss and Corbin (1990) explain that axial and selective coding have

similarities in that they develop categories based on their connections, components and attributes. The main difference between the two processes is that integration takes place at less concrete stages of the analysis. The core category is taken into account during data selection and the generation of other categories. These categories are then determined and unified through axial coding. Selective coding involves selecting the core categories and organising them around a central explanatory concept. Categories are further integrated (e.g. by using diagrams), and a GT is developed. Corbin and Strauss (1990) further add that the core category reflects the main research phenomenon, addressing issues such as the nature of the action/interaction, as well as identifying the primary concept analysed in the study.

In GT analysis, the point at which the theories or the main themes are used to draw conclusions is the selective coding phase. Here, the researcher uses the categories to build arguments and discussions aimed at answering the research question.

This part of the chapter provided an overview of the data collection and coding procedures for this study. GT is a methodology that seeks to construct theory about issues of importance in people's lives through a process of data collection that is often described as inductive in nature, in that the researcher has no preconceived ideas to prove or disprove. Rather, issues of importance to participants emerge from the stories that they tell about an area of interest that they have in common with the researcher. The data are compared against each other continuously in order to ground the theory in the experiences of participants, with the researcher's interpretations of the data then compared for the purpose of creating codes, categories, and further data.

GT demands that researchers consider multiple forms of data. In order to develop theory that takes into account multiple perspectives and different types of data, the study employed a semi-structured interview and survey techniques of data collection, as well as their application to the research. The survey questionnaire was employed to inform the interview process through the formulation of questions and gaining access to respondents. In addition, supplementary data were also drawn upon during and after the interview from the review and analysis of journal articles, books, and document reviews for saturation of emerging categories. In all, 30 participants were selected by purposeful sampling and availability, followed by theoretical sampling to achieve conceptual and theoretical saturation. All interviews were conducted on a one-on-one basis, or in person, as they served as primary data sources of the GT research.

Data were analysed by Strauss and Corbin's (1998) coding procedures approach. The GTM provided the development of a relevant model to represent the theory that emerged.

The second part of the chapter presents an open coding analysis of the semi-structured interviews and survey questionnaires data to enable the development of a substantive theory.

## **5.5 Semi-structured interviews and questionnaire: Open coding**

The purpose of the second part of this chapter is to present open coding analysis based on the two stages of data collected from the interviews and survey questionnaires. The process of data analysis begins with the categorisation and organisation of data in search of patterns, critical themes and meanings that emerge from the data. This chapter is further founded on the grounded method of data collection as the first step towards developing a substantive theory of online service failure and recovery. The chapter also outlines the semi-structured interview questions and survey questionnaires and presents an analysis through open coding. The goal of open coding is to break data into concepts by using the sequential approach to coding and the use of constant comparison, upon which the generation of GT is founded. Emerging codes are then tested for theoretical relevance, and only concepts that show persistent occurrence in the data collected form open categories. Conceptually, comparable data that are deemed important to the participants are collected together to form these open categories (Strauss & Corbin, 1990). Through this process of coding techniques and analysing at the same time, eight (8) open categories resulted with various properties and dimensions.

The next section begins with an account of the semi-structured interview and questionnaires followed by an analysis and open coding of the semi-structured interviews. Next, the survey questionnaire analysis and coding are presented and explained and eight open codes are developed from both the interviews and questionnaire data which are presented. Lastly, this section reflects on an analysis of the interviews and questionnaires, and the categories that emerged from these which form the baseline for axial and selective coding analyses.

Strauss and Corbin (1998) advocated the use of in-depth interviews as a method ideally suited to clarifying concepts and their relationships. Interviews are resource-

demanding data collection methods and activities such as planning, conducting and analysing are time-consuming by nature. However, interviewing people provides insight into their world as well as their opinions, thoughts and feelings (Hove & Anda, 2005). Interviews allow the researcher to get close to the phenomena being studied and therefore this approach was seen as a suitable data collection mechanism. The semi-structured interviews for this study consisted of eight questions dealing with the nature of online service failure and the recovery that customers had experienced. The questions included in the interviews are shown in appendix D.

### **5.5.1 Open coding of semi-structured interview data**

This section presents an overview of the data analytical techniques of the process that was followed, and explains how open coding was applied to the semi-structured interviews with customers who had experienced online service failure and recovery. The semi-structured interviews were characterised by open-ended questions in order to encourage participants to share their perspectives on service failure and recovery. Data reduction is the process of selecting, focusing, simplifying, abstracting and transforming information (Miles & Huberman, 1994; Miles *et al.*, 2014). Interview coding is used to capture what is in the interview data, to learn how people make sense of their experiences, and to act on these (Charmaz, 2006). The researcher followed coding procedures based on GT. According to the typical procedure of GT, data acquisition and data analysis are interrelated and carried out simultaneously. This allows the occurrence of two analytic procedures pertaining to the constant comparative method of analysis and the asking of questions (Strauss & Corbin, 1990, 1998).

Coding is the key process in GT (Strauss & Corbin, 1998) and the first step of data analysis which begins in the early stages after the first interviews for data collection. They assert that the coding procedures in GT are neither automatic nor algorithmic: '*we do not at all wish to imply rigid adherence to them*'. Therefore, flexibility may be necessary in certain circumstances.

Strauss and Corbin (1998) state that the first step in the process of theory building is the development of concepts. Strauss and Corbin (1990a) argued that theory could not be developed using raw data alone; therefore, as soon as data analysis starts, events and incidents that have theoretical significance to the participants are given

'conceptual labels' (p. 7). As the study progresses these open concepts are transformed into open categories which are a more abstract classification (Strauss & Corbin, 1990a, b). Therefore, as Strauss and Corbin (1998, 2009) explain, concepts are identified through open coding, with the data revealing their dimensions and characteristics. Strauss and Corbin (1998) further add that open coding entails the separation of data into individual pieces that are analysed and contrasted in order to determine their shared and distinct attributes.

This process examines the data without any limitations in scope and without the application of any filters; thus, all data are accepted and none are excluded. The process also enables researchers 'to group similar events, happenings, and objects under a common heading or classification' (Strauss & Corbin, 1998, p. 103).

At this stage of the investigation, the researcher remained open in terms of the structure and direction of the interviews to allow concepts to emerge naturally without '*forcing*' them into predefined categories (Glaser, 1992, p. 51). Concepts that accurately capture the thoughts and meanings of participants in relation to the phenomenon were developed. Concepts are the higher level groups of issues created by pulling together issues that are related (Saunders *et al.*, 2007; Strauss & Corbin, 2009). A number of concepts emerged as the interview process progressed alongside writing theoretical memos. Glaser (1978, p. 82) places memoing at the heart of the whole process and describes it as the bedrock of theory generation. The true product is the writing of theoretical memos. If the analyst skips this stage by going directly from coding to sorting or to writing, he [sic] is not carrying out GT. *Memos are the theorising write-up of ideas about codes and their relations as they strike the analyst.* In this study and throughout the research process, the researcher wrote numerous memos about the data that was being collected and the coding process. These memos provide an audit trail of the researcher's analytic process and decision-making throughout this study. Codes and categories that are formed according to the researcher's own synthesis are based on emerging patterns. The data were then analysed using substantive coding, involving open and selective coding (Holton, 2007). The constant comparative method was run simultaneously and the researcher compared incidents with incidents, incidents with concepts, and concepts with concept (Glaser & Strauss, 1967). Each concept that emerged was compared to other concepts. All of these

processes were compared with each other to see the emergence of concepts that eventually formed the core categories of the study.

The initial interviews allowed the process of organising and interpreting the data to begin. Instead of applying qualitative data management software packages to assist in coding of data (e.g. Nvivo, ATLAS.ti), analysis of data was manually managed by means of a traditional inductive qualitative procedure (Corley & Gioia, 2011). Roberts and Wilson (2002, pp. 5-6) contend that 'computing technology assumes a positivistic approach to the natural world that sees it as being composed of objects that humans can study, understand and manipulate', but 'the goal of qualitative researchers is to try and see things from the perspective of human actors'. For that reason, the main worry is that implicit assumptions about the software architecture can be a hindrance to the qualitative research process and might result in the loss of shades of meaning and understanding that qualitative data bring about (Adam & Podmenik, 2005).

Data analysis began after the data were first collected, and it continued in an iterative manner to ensure an interplay between data collection and analysis (Corbin & Strauss, 2008). Informal data analysis started by reading the field notes or transcripts closely to become personally immersed in the data. Formal data analysis began by conducting open coding data collected through semi-structured interview data. Interview transcripts were analysed using a line-by-line approach of the type suggested by Strauss and Corbin (1990, 1998) as the interviews proceeded. Open coding aimed to identify, name, categorise and describe the phenomena. Prior to initiating coding, the transcripts were read and re-read several times to gain an understanding of the whole, repeatedly asking questions of the data such as: What is this about? What is the participant referring to here? Then, a more in-depth line-by-line analysis took place, to try to find out concepts that could correctly capture the meanings as expressed by participants. The focus was on the discovery of properties and dimensions of concepts as perceived by the participants in relation to the phenomenon studied. Hence, the codes were not devised strictly microscopically and some more abstract categories came into view. Some codes were very close to the interviewees' accounts and others were more abstract or conceptual. During open coding, the researcher broke down the data into incidents, made constant comparisons of incident to incident and always asked the question 'what category or property of a category does this incident indicate?' (Glaser 1992, p. 39). This is how



the researcher developed the properties of the emergent categories in this study. Constant reflection, modification and adjustment to the categories and subcategories were carried out to identify the best fit categories. Saturation of categories was achieved through the theoretical sampling of the type described earlier. According to the adopted GTM and the related constant comparison, the literature was used as a secondary source of data. The Straussian approach considers the literature as a stimulus for theoretical sensitivity, by providing concepts and relationships that are compared with primary data. Moreover, it might inspire interesting questions during the analysis process (Strauss & Corbin, 1998).

The first interview question under consideration addresses the types of service failures that online fashion customers experience while shopping on the Internet.

In response to question 1, the following are a sample of views expressed by participants.

*“Erm... it’s various, but on this occasion pages not loading properly and options do not let you proceed with clarity on your purchases. I mean the website too slow and I have to wait for a very long time for the icons on the website to load. I recognised it wasn’t working and used a different site instead”* (a 35-year-old writer).

In terms of this respondent, it is highly likely that there are issues with the particular site or page he was trying to purchase from. Unfortunately, there is not much that can be done if there is a problem with a website or page other than to buy from competitors.

Similarly, another respondent, a 50-year-old professor, added that:

*“It is user-unfriendly website. I mean website random error messages, pages expiring, inappropriate search results and sometimes crashes when I am part way through the purchase. I think the website itself has problems”*.

This respondent suggests that online shopping sites have become unusable due to the constant reloading of web pages and this points to a problem with the website itself.

Furthermore, another interviewee, a 33-year-old accountant, added:

*“Usually minor bugs in websites which prevent one from completing a purchase or proceed with clarity on your purchases and I have had these a couple of times. Refresh of cart which loses products placed there, website completely failing”*.

This respondent explains that it is the usual error message that prevents one from accessing the Internet since the page keeps refreshing and reloading. Websites take a very long time to load if they actually load at all.

In relation to interview question 1, the following quotes are representative of the sample of views expressed by participants.

*“I have had a couple of bad experiences online. The lack of correct information on the product advertised. One time I was paying for items purchased only to be told it is out of stock or it is no longer available and hence causing failure to deliver on time. Promised delivery dates arriving later and sometimes broken items upon receipt. It’s really terrible!”* (a 22-year-old engineer).

This respondent expressed concern about the service, or lack of it, that he received mentioning that restocked items were indicated as out of stock and deliveries were often much later than promised. Delays can affect any business, but poor customer service in this case is compounded by having no physical contact with the retailer.

A 50-year-old self-employed respondent stated:

*“Occasionally I have received incorrect delivery of ordered items or a wrong item delivered. The size of the dress I ordered was completely different to what was received”.*

This respondent purchased a dress online which turned out to be smaller than envisaged. Fashion retailers should be able to offer express delivery services, apologise for incorrect sizes, and resolve issues as quickly as possible.

Another interviewee, a 42-year-old housewife, added that:

*“In fact, the goods I received were of poor quality merchandise, it was not matching the website descriptions at all”.*

This respondent had experienced later deliveries and items in poor condition (in terms of colour, textures, etc.) and not as described. Fashion retailers should regularly check items to ensure that they meet high expectations.

Similarly, another respondent, a 37-year-old civil servant stated:

*“I never received the item I ordered till today and am still waiting (laugh). It got completely lost”.*

This respondent noted that the estimated delivery timescale had passed and he had still not received his parcel from the online retailer in question. Some items were missing.

Finally, another participant, a 24-year-old student, added that:

*“I got an error after I entered my credit card details when purchasing a dress so I had to redo it. The error notification said that my payment was being processed and that the company was sorry for the inconvenience, and that they were working to resolve the issue. I had to call the company, because my credit card was charged twice. The online retailer said it was due to a software upgrade which went spectacularly wrong. I am also worried about my credit card details.”*

Retailers have suffered a series of unacceptable failures with their IT systems in recent years and this does little to reassure consumers that they are making improvements.

Based on the analysis of these quotes it can be concluded that **website performance, malfunctioning issues, ease of use/difficult navigation, order fulfilment delays, misinformation, slow or unavailable services, poor quality of products, product defects, packaging errors, out of stock merchandise, size errors and payment security/privacy issues** appear to be the main problems in relation to the services analysed.

The second interview question under consideration addresses the cause(s) of service failure. In response to question 2, the following are a sample of views expressed by participants.

*“No idea though but maybe the design of the systems is best on a laptop and the pop-ups are not so good on a tablet device. The website I was purchasing from was really poor, I will say. I was experiencing lots of error messages on the site and had to turn off and on my tablet device but still the server was not good, the Internet wasn’t connecting to the site and eventually I had to leave the website and not buy or try again and cancelled my order and simply logged off”* (a 52-year-old sales consultant).

This respondent has been unable to use the Internet when he needed to buy something. The customer intends to do business with competitors as soon as possible because he seeks reliability.

Similarly, a 30-year-old architect stated:

*“Not sure it just said technical as there was problem with the website, there was interruption of connection signal and the screen was freezing. On several occasions during my shopping I was timed off and had to wait and refresh the page. The system told me to try again later after restarting my computer. Other sites were fine though, perhaps the site was rubbish (laugh).”*

This respondent notes that the retailer’s website was almost impossible to use. Ever-changing web technologies and evolving user behaviour towards the web makes it difficult to standardise web experiences. However, retailers can attempt to make things better by providing a strong user experience.

Another respondent, a 38-year-old zoo keeper, added:

*“Several times I have had long and delayed deliveries. Supplier claiming to have a product that they can’t supply. One time a courier claimed to have tried to deliver but I was home and so was my neighbour and no attempt was made. I had to phone to question as to why they were lying about apparently attempting delivery when I knew they didn’t. The customer service representative was unable to explain or find a solution to my complaints. They apologised but could not make the redelivery any quicker.”*

This respondent waited in all day for an alleged delivery attempt to be made. It is also possible that the parcel had been delivered to the wrong address nearby, while the customer was at home waiting for it or the delivery driver. The attempt was marked as a failed delivery. If delivery cannot be made or no one is available, delivery cards should be left so that the item can be picked up at the local sorting office or a local store (such as a Post Office), as technically the item is an online order. Fashion retailers also need to continually innovate to shorten delivery times and satisfy increasingly demanding consumer expectations.

In addition, another participant, a 30-year-old carer, added that:

*“It’s usually a bad stock control (i.e. a wrong code for an item) or something like that. In a recent case the ordered item, although listed as in stock, wasn’t actually available”.*

This respondent ordered an item from an online store that advertised the item as being in stock on the website. They took a payment and completed the transaction. An intentional failure to notify customers when items are out of stock when they are listed as in stock is misleading.

In the same vein, another participant, a 52-year-old restaurant owner, stated:

*“It was annoying that my mobile phone received a poor signal when I purchased from a general merchandise online retailer. I tried to call the customer service number but it was difficult to get connected. After several attempts, I got to talk to a service employee. She was impatient in dealing with my questions and told me that it happened because of my mobile phone and it has nothing to do with their company. I was already upset about having to call them several times and this kind of response really drives me mad. She told me I need to change my mobile phone.”*

Having to face this critical situation required patience from the service representatives who had to listen to what the frustrated customer had to say. The customer needed help to solve this problem as early as possible. An apology and some empathy here would have been appropriate.

Therefore, based on an analysis of the above quotes one can conclude that **technical problems, website usability, website organisation/quality, slow service, common delivery problems, poor product conditions, a lack of stock, unavailability of in-stock status information, unknowledgeable, impolite staff and poor timekeeping delivery** appear to be the main concepts one can draw from the analysis.

The third interview question under consideration sought to elicit data on service failure. In response to question 3, the following are a sample of views expressed by participants.

*“Usually there is customer support if anything happens and upon contacting them I received a very poor customer service as their response was very slow and appalling. The person responsible for ensuring policies and procedures are adhered ultimately failed. The staff not being passionate about what they do and not ensuring they are doing things correctly the first time around and meeting any customer expectations. They were not too concerned, I must say. I suppose they have so many other customers” (50-year-old account manager).*

This respondent notes that employees were not passionate enough to deliver personal customer experiences to create customer loyalty. With high levels of competition between retailers, along with consumers’ increasing use of online platforms for sharing reviews and experiences, businesses face challenges when it comes to attracting

repeat purchases. In order to retain customers, service companies are advised to pay closer attention to the importance of employees as an often-overlooked asset.

Furthermore, another respondent, a 25-year-old technician, added:

*“Out of date and eventual refund of the cost of the item I purchased and also had to pay the shipping costs to return it after threat of trading standards; I withdrew, then price increase and I had to pay increased price. The online retailer removed my negative comment from the seller’s record.”*

As this respondent points out, it is common for retailers to offer customers free shipping whilst incorporating the cost into the item price. Retailers must provide customers with a clear and comprehensive return policy to ensure that customers do not have a surprising or negative experience. Furthermore, retailers must determine how to handle the shipping costs of returns when shipping is included in the price of the product and then communicate this to customers effectively.

Another respondent, a 27-year-old compliance manager, said:

*“Very little apologies, only items could be returned for a refund though”.*

This respondent offers some intriguing thoughts on online fashion retailers and is challenging the sincerity of apologies. An apology is key to showing customers a commitment to their satisfaction. Apologies must be sincere and must consider the customer’s feelings to deliver genuine and effective customer service.

Similarly, another respondent, a 29-year-old firefighter, said:

*“Not a lot of explanation, I received just a pre-prepared email”.*

The above response indicates the importance of explanation when service failure occurs, suggesting that customers want to understand the reason behind their needs being unfulfilled by the company. In some cases, no explanation is provided, as noted by another respondent, a 41-year-old retail assistant:

*“Well, the online fashion retailer just replaced the order”.*

This respondent notes that the retailer offered to send a replacement.

On closer examination of these quotes one can conclude that ***inadequate/poor customer service support, poor communication, delayed response, unfair***

***apologies, return policies and unfair returns as well as the levying of fees*** are the main concepts one can draw from the analysis.

The fourth interview question under consideration explores the extent to which customers were satisfied with the attempts of retailers at recovery. In response to question 4, the following are sample of views expressed by participants.

*“Not really, I was dissatisfied because the items I purchased online were not fit for purpose and a refund within 24 hours alone doesn’t fill the gap when you need the items so badly and they are not available”* (a 24-year-old customer manager).

To this respondent, although the customer has an automatic right to return a product it does not solve the problem when you need the items badly and they are not available to purchase.

Another respondent, a 34-year-old procurement administrator, added that:

*“The inconvenience caused was too much as I needed the items to go camping, so I had to buy locally at a higher price. So annoying, I was very dissatisfied.”*

This respondent explains that the inconvenience caused meant that he had to purchase the product at a higher price. Switching behaviour and other undesirable outcomes are highly likely to increase in the event of customer dissatisfaction.

Furthermore, another respondent, a 25-year-old credit controller, added:

*“They should have alerted me prior to accepting the order and they also failed to acknowledge that the size they sent was 2 sizes different from the order. I’m extremely dissatisfied.”*

In this case, the online retailer failed to send an order confirmation. Once an order has been completed, online fashion customers should be issued with an order number and an order confirmation which should be sent via email or SMS as quickly as possible.

Finally, another respondent, a 35-year-old butcher, mentioned:

*“Yes, most experiences of this kind that I have had have been dealt with well. Any seller who doesn’t handle failure well goes off my list of companies to buy from.”*

Satisfaction has also been linked with purchase intentions (Chang *et al.*, 2012). Customers purchase brands that they feel will maximise their satisfaction. Therefore, if their expectations of a particular brand are high they are more likely to purchase it.

Similarly, a poor service encounter with a brand will cause a decrease in the chances of repurchase (*ibid.*).

An evaluation of these quotes suggests that **dissatisfaction, poor communication, switching intentions and anger** appear to be the main concepts one can draw from the analysis.

The fifth interview question explored how customers made complaints to online fashion retailers. In response to question 5, the following are a sample of views expressed by participants.

*“If I have decided to complain, which I normally don’t, then I would search their website and send them an email or a telephone number to call as a formal way to complain”* (a 34-year-old project manager).

In the vast majority of cases customers do not complain, as is the case with this respondent who said he would speak directly to a dedicated complaint handler if he were to complain.

Similarly, another respondent, a 30-year-old legal secretary, added:

*“On the phone and then in writing via email quoting order reference, dates and details.”*

This respondent preferred to complain in writing, giving adequate information about the poor service received.

Another participant, a 50-year-old artist and painter, commented:

*“I usually prefer to chat online, join a discussion thread on a website, make a negative review of product and vendor response”.*

To this respondent, seeking an explanation for poor service can be achieved by publicly expressing displeasure over the Internet by posting reviews to communicate frustration and suggest remedies.

The analysis of these three quotes above suggests that **email, telephone calls, online chat and word-of-mouth communication** are the main concepts that have emerged.

The sixth interview question explores whether social media is a place for online customers to complain about service failure. The following are sample of views expressed by participants.



*“No, why would I want to do this in a public context where everyone reads it? In my opinion it’s not meant to be used like that. There is enough rubbish filling social media (laugh) and I would prefer to complain in private. I just want one or the right person from the retailer to respond. I don’t want any clever remarks from other shoppers” (a 65-year-old retired software engineer).*

To this respondent, social media feels like a place where people can just be themselves and say things candidly. People often say things they would not typically say in public (Nystul, 2015). Hence, this respondent prefers to have a dialogue in person in cases of poor service failures.

Similarly, another respondent, a 22-year-old student, commented:

*“No, I don’t really like social media sites. The order was with the online retailer and it’s not necessarily a good idea to broadcast everything to the whole world. I would rather give the fashion retailer the chance to redeem or explain themselves. Many people, I feel, use social media for a witch hunt but hardly ever to praise good service.”*

To this respondent, service firms need to be given the opportunity to recover from such failures.

Conversely, another respondent, a 32-year-old broadcast journalist, added:

*“Well, it’s yes and no. Yes because it can be useful if you want it publicising and then any customer who checks social media will see the feedback, and no because the business may not check their social media regularly to help your query quickly.”*

To this respondent, negative feedback can destroy organisational reputations faster than ever before. Customers flock to social media for a faster response time. Service firms could also set up alerts to be updated when they are being talked about on social media.

Similarly, another respondent, a 36-year-old old administrative assistant, stated:

*“Oh yes definitely, it’s a good place to complain as it forces them to act and also if they don’t act it creates a bad reputation for the firm. Customers are more likely to see it, and in my opinion the service provider would be more likely to fix it or respond quickly.”*

Customers choose social media to report issues to capture the attention of organisations and peers. Smart retailers try to minimise, if not eliminate, poor customer experiences in the knowledge that a satisfied customer will be a repeat customer. In

any business, sales to repeat customers are always easier and cheaper than obtaining new customers.

Based on an examination of these quotes one can conclude that **email, phone calls, online communication, testimonials/stories and complaint intentions** are the main concepts to draw from the analysis.

The seventh interview question under consideration explored the extent to which online customers would remain loyal to online fashion retailers if they perceived improved service after a service failure. In response to question 7, the following are a sample of views expressed by participants.

*“No, it’s not safe. Slow website speed, irrelevant online content and security concerns. There was no resolution and clearly they did not care. Hence, I think their product quality is low. I will not shop there again”* (a 60-year-old retired nursery teacher).

For this respondent, poorly designed websites coupled with poor customer service make customers less likely to engage with the company in the future. Customers appreciate fast and responsive websites with low page-load times. Therefore, online retailers must understand the need to deliver website content efficiently.

Similarly, another respondent, a 31-year-old financial analyst, added:

*“No, this has now happened three times and the online fashion retailer has never been able to supply the trousers they took my money for. When some customers get a better deal and I still didn’t get the same good offer it makes me angry because I perceived unfairness in being loyal. So I looked for somewhere else to shop.”*

This respondent was not happy with the recovery he experienced and emphasised the need to be treated fairly by online fashion retailers. He switched to another competitor as a consequence of his experience.

Another participant, a 41-year-old customer assistant, stated:

*“Yes sure because I probably like their products and choice and as long as the problem doesn’t carry on or I don’t encounter serious problems, I would try again.”*

For this respondent, strong recovery strategies would attract customers towards a repurchase.

Finally, another participant, a 22-year-old student, added:

*“Yeah, why not, mistakes happen. As long as they strive to improve their services I’d come back in the future. I generally have been quite happy with their services.”*

For this respondent, setbacks and challenging moments in business can be seen as opportunities to deliver something bigger and better. Therefore, as long as service firms continue to improve on their services, customers would come back at some point to repurchase.

The key concepts resulting from these analyses are ***trust, poor customer service, repurchase intentions, switching behaviour and product quality.***

Finally, the eighth interview question explored the various types of response customers expected from online fashion retailers. The following are a sample of views expressed by participants.

*“I should have been better informed about the delay”* (a 60-year-old retired nursery teacher).

This respondent was dissatisfied that delivery of her product had been delayed by a week because of problems. This customer emphasised the importance of communication from organisations that dispatch orders.

*“If they were really nice to me I wouldn’t have cared ... I wouldn’t have cared if he had told me it was going to take three days to deliver the lost trousers”* (a 28-year-old mortgage advisor).

For this respondent, the service representative did not communicate information in a friendly tone. Providing great customer service sets a service firm apart from competition. However, to make that happen, service firms need to staff their teams with people who have the skills and temperament to effectively solve customer issues and positively represent the company in every interaction.

*“The customer representative should have been a little more empathetic, a little bit more understanding”* (a 35-year-old security officer).

This respondent raises an important issue about managing customer emotions. Service representatives often deal with upset customers, and how they respond in such situations is critical. Patience and understanding go a long way towards managing the customer relationship.

*“Even if it was just a letter of apology or something, you know, something like that would have made me feel better about it”* (a 45-year-old lecturer).

For this respondent, it is important to offer an apology that must be genuine. Customers prefer spontaneous and authentic dialogue during service recovery (Liao, 2007).

*“What they could have done was so simple, it could have been just a replacement”* (a 27-year-old accountant).

This respondent underscores the importance of getting a replacement if a purchased item is faulty. Distributive justice generates customer satisfaction in meeting customer expectations.

*“The online communication via technology-mediated interactions (e.g. virtual chat and email communication) will show that the online fashion retailer is concerned about solving problems with the late delivery of the clothing item purchased online”* (a 23-year-old engineer).

This respondent observes the importance of computer-mediated communications for solving problems. Attracting customers through the use of technology adds another dimension of authenticity to solving customer problems. The use of email and virtual chatting significantly increases the extent and ease of interaction amongst all customers.

The key concepts resulting from these analyses are ***explanation, apology, compensation and online communication tools.***

The following table also shows the demographic characteristics of the respondents for the interviews carried out.

Participant	Age	Gender	Occupation	Length of interview
P1	35-44	M	Writer	27 minutes
P2	45 and over	M	Professor	25 minutes
P3	25-34	F	Accountant	22 minutes
P4	18-24	F	Engineer	24 minutes
P5	45 and over	F	Self-employed	28 minutes
P6	35-44	F	Housewife	29 minutes
P7	35-44	M	Civil servant	25 minutes
P8	18-24	F	Student	27 minutes

<b>P9</b>	45 and over	F	Sales consultant	59 minutes
<b>P10</b>	25-34	M	Architect	24 minutes
<b>P11</b>	35-44	M	Zoo keeper	29 minutes
<b>P12</b>	25-34	F	Carer	30 minutes
<b>P13</b>	45 and over	F	Restaurant owner	23 minutes
<b>P14</b>	45 and over	F	Account manager	26 minutes
<b>P15</b>	25-34	M	Technician	27 minutes
<b>P16</b>	25-34	F	Compliance manager	29 minutes
<b>P17</b>	25-34	M	Firefighter	20 minutes
<b>P18</b>	35-44	F	Retail analyst	58 minutes
<b>P19</b>	18-24	F	Customer manager	28 minutes
<b>P20</b>	25-34	F	Procurement administrator	23 minutes
<b>P21</b>	25-34	M	Credit controller	30 minutes
<b>P22</b>	35-44	M	Butcher	22 minutes
<b>P23</b>	25-34	F	Mortgage advisor	29 minutes
<b>P24</b>	35-44	M	Security officer	28 minutes
<b>P25</b>	45 and over	F	Retired nursery teacher	26 minutes
<b>P26</b>	25-34	F	Legal secretary	22 minutes
<b>P27</b>	45 and over	M	Artist and painter	24 minutes
<b>P28</b>	35-44	F	Administrative assistant	28 minutes
<b>P29</b>	35-44	F	Customer assistant	25 minutes
<b>P30</b>	45 and over	F	Lecturer	25 minutes

Table 5.5: List of interview participants and characteristics

Additionally, table 5.5.1 shows a summary of coding results which include different coding levels and relevant quotes for each interview.

Coding level	Quote from the interviews	Codes
<b>Level 1 Open coding</b>	<p><i>"Erm... it's various, but on this occasion pages not loading properly and options do not let you proceed with clarity on your purchases. I mean the website too slow and I have to wait for a very long time for the icons on the website to load. I recognised it wasn't working and used a different site instead"</i></p> <p><i>"It is user-unfriendly website. I mean website random error messages, pages expiring, inappropriate search results and sometimes crashes when I am part way through the purchase. I think the website itself has problems"</i></p> <p><i>"Usually minor bugs in websites which prevent one from completing a purchase or proceed with clarity on your purchases and I have had these a couple of times. Refresh of cart which loses products placed there, website completely failing"</i></p> <p><i>"I have had a couple of bad experiences online. The lack of correct information on the product advertised. One time I was paying for items purchased only to be told it is out of stock or it is no longer available and hence causing failure to deliver on time. Promised delivery dates arriving later and sometimes broken items upon receipt. It's really terrible!"</i></p> <p><i>"I got an error after I entered my credit card details when purchasing a dress so I had to redo it. The error notification said that my payment was being processed and that the company was sorry for the inconvenience, and that they were working to resolve the issue. I had to call the company, because my credit card was charged twice. The online retailer said it was due to a software upgrade which went spectacularly wrong. I am also worried about my credit card details."</i></p> <p><i>"It was annoying that my mobile phone received a poor signal when I purchased from a general merchandise online retailer. I tried to call the customer service number but it was difficult to get connected. After several attempts, I got to talk to a service employee. She was impatient in dealing with my questions and told me that it happened because of my mobile phone and it has nothing to do with their company. I was already upset about having to call them several times and this kind of response really drives me mad. She told me I need to change my mobile phone."</i></p> <p><i>"Usually there is customer support if anything happens and upon contacting them I received a very poor customer service as their response was very slow and appalling. The person responsible for ensuring policies and procedures are adhered ultimately failed. The staff not being passionate about what they do and not ensuring they are doing things correctly the first time around and meeting any customer expectations. They were not too concerned, I must say. I suppose they have so many other customers"</i></p> <p><i>"Not a lot of explanation, I received just a pre-prepared email".</i></p>	<p>website performance, malfunctioning issues</p> <p>ease of use/difficult navigation</p> <p>order fulfilment delays, misinformation, slow or unavailable services</p> <p>poor quality of products, product defects, packaging errors, out of stock merchandise</p> <p>size errors and payment security/privacy issues</p> <p>unknowledgeable, impolite staff</p> <p>inadequate/poor customer service support</p> <p>poor communication, delayed response</p>

<b>Level 2</b> <b>Axial coding</b>	<p><i>"Not really, I was dissatisfied because the items I purchased online were not fit for purpose and a refund within 24 hours alone doesn't fill the gap when you need the items so badly and they are not available"</i></p> <p><i>"The inconvenience caused was too much as I needed the items to go camping, so I had to buy locally at a higher price. So annoying, I was very dissatisfied"</i></p> <p><i>"Yes, most experiences of this kind that I have had have been dealt with well. Any seller who doesn't handle failure well goes off my list of companies to buy from."</i></p> <p><i>"They should have alerted me prior to accepting the order and they also failed to acknowledge that the size they sent was 2 sizes different from the order. I'm extremely dissatisfied."</i></p> <p><i>"I usually prefer to chat online, join a discussion thread on a website, make a negative review of product and vendor response".</i></p> <p><i>"Oh yes definitely, it's a good place to complain as it forces them to act and also if they don't act it creates a bad reputation for the firm. Customers are more likely to see it, and in my opinion the service provider would be more likely to fix it or respond quickly."</i></p> <p><i>"No, this has now happened three times and the online fashion retailer has never been able to supply the trousers they took my money for. When some customers get a better deal and I still didn't get the same good offer it makes me angry because I perceived unfairness in being loyal. So I looked for somewhere else to shop."</i></p>	<p>dissatisfaction, poor communication</p> <p>dissatisfaction, anger switching intentions</p> <p>dissatisfaction, switching behaviours</p> <p>dissatisfaction, poor communication</p> <p>online chat and word-of-mouth communication</p> <p>complaint intentions</p> <p>poor customer service, switching behaviour</p>
<b>Level 3</b> <b>Selective coding</b>	<p><i>"I should have been better informed about the delay"</i></p> <p><i>"If they were really nice to me I wouldn't have cared ... I wouldn't have cared if he had told me it was going to take three days to deliver the lost trousers"</i></p> <p><i>"The customer representative should have been a little more empathetic, a little bit more understanding"</i></p> <p><i>"Even if it was just a letter of apology or something, you know, something like that would have made me feel better about it"</i></p> <p><i>"What they could have done was so simple, it could have been just a replacement"</i></p> <p><i>"The online communication via technology-mediated interactions (e.g. virtual chat and email communication) will show that the online fashion retailer is concerned about solving problems with the late delivery of the clothing item purchased online"</i></p>	<p>explanation</p> <p>apology, compensation</p> <p>empathy</p> <p>apology</p> <p>replacement</p> <p>online communication tools.</p>

	<p><i>“Yes sure because I probably like their products and choice and as long as the problem doesn’t carry on or I don’t encounter serious problems, I would try again.”</i></p>	product quality, repurchase intentions
	<p><i>“No, it’s not safe. Slow website speed, irrelevant online content and security concerns. There was no resolution and clearly they did not care. Hence, I think their product quality is low. I will not shop there again”</i></p>	product quality, website performance

Table 5.5.1 summary of coding results

The GT approach of coding and simultaneous comparison of concepts and their commonalities through the eight semi-structured interview questions reveal 51 concepts. A similar procedure will be followed for the survey questionnaire. Lastly, a simultaneous comparison of the concepts and their commonalities through both the semi-structured interviews and the survey questionnaire will then be carried out to establish the open codes.

### 5.5.2 Analysis of survey questionnaires – Open coding

The semi-structured interviews were informed by the survey questionnaire. This was completed by 36 respondents who had experienced a recent service failure experience and who were considered likely to provide a wealth of information about service recovery. The purpose of open-ended questions was to obtain deep, meaningful and thoughtful answers that needed further classification. Analysis of these open-ended responses took a grounded approach. The responses were all read to identify key categories. The categories between the analysis of semi-structured interviews and questionnaires were then defined.

The questions used for the survey questionnaires are presented as Appendix F. The following sections provide a detailed description of each open coding based on the thoughts and views of participants and their views as they relate to service failure and recovery practices in the UK fashion industry.

In response to question 1, the following are sample of views expressed by participants. *“Yes, I used the Internet for research, news, buying and selling stocks, and shopping”* (a 45-year-old lecturer, participant 16).



This respondent uses the Internet for everything including online shopping via a supermarket and interacts with a trading platform or provider (stockbroker) to buy and sell shares. The Internet has made it easier for him to get information and news.

Another, respondent, a 55-year-old professor (participant 20), added:

*“Oh yes, I use the Internet for academic related work, watching videos on YouTube, downloading music files and to buy a product.”*

New technology has brought many changes to this respondent's life. He also uses the Internet for academic work and research.

Similarly, another respondent, a 29-year-old banker (participant 3), answered:

*“Of course I do. I use the Internet to research a product or service, participate in online auctions, for Skype and social media sites such as Facebook.”*

For this respondent, the impact of new technology, especially in the developed world, is apparent in the way people communicate, run businesses and understand the world. This respondent is able to talk to friends in real-time and can communicate with people all over the world for different ideas about things.

A 26-year-old unemployed respondent (participant 35) added:

*“I use the Internet to look up sports scores and information, listen to music online and of course online purchasing.”*

A high-speed Internet connection allows this respondent to listen to music and watch football games.

Analysis of these questionnaires appears to suggest that **online shopping experiences and communication via social media** are the core emerging concepts.

In response to question 2, the respondents' comments about the frequency of Internet access are summarised below.

*“I use it very often, I used it several times a day, almost every day and frequently”* (participants 16, 22, 14, 34).

For these respondents, the Internet is their life and they depend on it almost every single day.

Thus, based on a summary of responses to question 2, one can conclude that **daily Internet access** and **use of the web several times per week** are the key themes to emerge.

In response to question 3, the following are a sample of views expressed by participants.

*“One time while purchasing expensive clothing online, on trying to go to the final checkout process online, it kept not loading (i.e. the webpage to confirm purchase). So I repeated the purchase numerous times. I then found out that I had made 11 purchases for the product. The online retailer couldn’t cancel the order and I had to wait longer than the expected promised delivery date till all purchases were delivered before I could return them all again’* (a 28-year-old teaching assistant, participant 13).

To this respondent the website design they experienced was archaic and dysfunctional. Technology makes many things faster and easier such as purchasing online, but the challenge for this respondent was poor technical support and poor clarity around how to cancel an order.

Similarly, another respondent, a 45-year-old solicitor (participant 30) added that:

*“While shopping on a site some time ago, I noticed that the search function wasn’t working, pictures wouldn’t download properly, and upon purchasing I was unable to click on a button and move to the next page. I mean the site wouldn’t load at the checkout to complete my order. I tried several times and managed to put the items in my basket and the screen froze, followed by my computer shutting down. On restarting, I found my basket to be totally empty.”*

There are advantages and disadvantages to technologies. The amount of time this respondent spent calling technical support, waiting for websites to load, or rebooting his computer meant that he began to resent technology.

Another respondent, a 30-year-old bookkeeper (participant 2) said:

*“I ordered trainers online and they never arrived.”*

Technology has empowered people. New devices create new challenges but also risks. On balance things are better because of technology. This respondent was still waiting for his delivery at the time of writing. Online fashion retailers must deliver goods within a reasonable amount of time.

Another respondent, a 41-year-old consultant (participant 17) added that:

*“Upon receiving a purchased necklace, it was found to be the wrong item when I opened the parcel.”*

Technology is divisive. It has provided many jobs in society and has allowed us to shop online in a way never seen before. However, there is a worse side too as in the case of this respondent who received an incorrect item. Online fashion retailers should be ever vigilant that this does not happen when sending items to their customers.

In addition, another respondent, a 27-year-old apprentice (participant 4) added that:

*“After adding to basket online, the system was not reading the minimum spend and hence, I was unable to register my debit card payment details. You know, Internet creditability is always a big question. It does not matter how long or how much we use the Internet, I want to be protected.”*

Technology is a double-edged sword. On the one hand it provides many freedoms and makes information easier to obtain. On the other hand it leads to much greater insecurity. This respondent had his debit stolen and used on the Internet and is consequently cautious about online shopping.

Based on an evaluation of the questionnaires above, one can conclude that **webpage navigational problems, delivery glitches, delivery errors, difficulty in cancelling services, poor technical assistance and security/billing problems** are the central themes to emerge.

In response to question 4, the following are a sample of views expressed by participants.

A 45-year-old solicitor (participant 30) said:

*“A technical problem was later stated on the site.”* This respondent notes that online shopping sites have become impracticable due to technical difficulties.

Similarly, another respondent, a 40-year-old communication manager (participant 8) added:

*“Problem with the website, it simply crashed.”*

Of course, like all technology, there are some downsides. This respondent experienced poor web performance.

Additionally, another respondent, a 29-year-old store manager (participant 22) added:

*“A technical glitch was mentioned when I phoned them up. The service representative did not have a friendly attitude in answering my question and only stressed that it was a technical problem and there was nothing else she could say.”*

Technical failures will always happen, and an enlightened company might view these as an opportunity to communicate with customers to fully disclose the problem, as was the case with the experience of a 32-year-old sales assistant (participant 27) stated:

*“It was delayed deliveries. Overseas company and it’s likely the item was never shipped.”*

The evolution of online shopping has been sudden and exponential. Fashion retailers should ensure that items are shipped irrespective of location, as was the case in the experience of this respondent. Fashion retailers should also communicate with their customers when products arrive late or in the case of unforeseen circumstances and when an order is delayed.

Careful scrutiny of the above questionnaire suggests that **website system failures, web page design problems, poor customer service and delays in delivery occurrences** are the key themes to focus on.

In response to question 5, the following are sample of views expressed by participants.

*“Never again. The customer service representative was useless when trying to solve the issue and had to be transferred to senior management in the resolution of the problem. Besides I didn’t feel the staff was very efficient”* (a 28-year-old teaching assistant, participant 13).

To this respondent, it is unacceptable that staff have only a basic understanding or knowledge of what they are doing.

Similarly, another respondent, a 39-year-old recruitment consultant (participant 19) said:

*“No, I didn’t use the services of the online fashion retailer again because the recovery was highly frustrating and time-consuming. There was a lack of options to contact the seller and resolve the problem quickly.”*

For this respondent, both empathising with customers and making their service experience simpler and less time-consuming are what sets great customer service teams apart from poorer ones. Fashion retailers should provide a strong customer-provider interaction.

A 30-year-old bookkeeper (participant 2) said:

*“Yes, their customer service was excellent and their replacement product was obviously of a high standard.”*

The recovery experience of this respondent was of a high standard.

Another respondent, a 44-year-old employment manager (participant 25) added:

*“Oh yes, I did use the online retailer again because these things happen and they sorted it out quickly. I wasn’t out of pocket so I would say yes, I get good services.”*

In cases of customer service, there should always be someone available to talk to and assist customers with their problems. The alternative to this is frustrated customers who are left uninformed and unsupported.

Analysis of the responses to these four questions suggests that **poor customer service support, inappropriate complaint resolutions, communication difficulties and timing issues** are the main themes that can be identified.

In response to question 6, the following is a sample of views expressed by participants.

*“I was briefly upset, as the item was a gift. I didn’t use them anymore and looked for another seller. I am likely to talk to friends and family about the way the late delivery was resolved”* (a 30-year-old English teacher, participant 29).

This respondent is unlikely to return to shop with the brand again as the complaint he submitted was not taken seriously.

Another respondent, a 50-year-old health and social care assessor (participant 1) added:

*“I shouted at my computer and was very annoyed. I left the website and looked at other possible providers instead. I am likely to share negative opinions about my online experience with this online fashion retailer with friends and family.”*

This respondent simply became impatient with his technology. As a result of a poor Internet connection, the customer switched to a rival firm.

In the same way, a 28-year-old digital designer (participant 15) added:

*“Angry, tried to get items delivered but in the end had a refund. I will tell my friends and relatives not to use the online fashion retailer’s products/service.”*

This respondent raised a non-delivery case and all attempts to redeliver his package failed. He consequently defected.

In contrast, another respondent, a 32-year-old part-time receptionist (participant 18) said:

*“Calmly with a phone call informing them I expect the item redelivered with some sort of complimentary gesture. If the handling of my complaint is good I will recommend to friends and relatives that they use the services of this online fashion retailer.”*

This respondent requested redelivery and a gesture of goodwill and he was prepared to switch to another retailer if these requirements were not met.

In a similar way, a 44-year-old employment manager (participant 25) added that:

*“I sent a number of emails to customer services. After this experience with this online retailer, chances are that I will say positive things about this company to other people if my complaint is handled well.”*

This respondent emailed the customer service team in the hope of a resolution to the problem. He was also prepared to shop elsewhere.

A careful study of responses to these five questions suggests that **anger towards the firm, customer switching behaviour and word-of-mouth communications** are the main concepts that have emerged.

In response to question 7, the following are sample of views expressed by participants.

*“Not worth time wasted. I’m not paid to point out glaring mistakes to a global brand company”* (a 34-year-old quantity surveyor, participant 9).

This respondent feels that complaining is often a waste of time, because customers see no change in the behaviour of businesses.

Similarly, a 27-year-old plumber (participant 10) added:

*“Not serious enough to me. The reply would have been an apology and there was no point. I still wouldn’t have got the designer scarf I wanted.”*

For this respondent, service firms do not provide a meaningful apology. At some point, every company makes a mistake that necessitates making an apology to an individual or a group of customers. Schweitzer *et al.* (2015) found that most companies and managers struggle to offer effective apologies, with many failing to offer any form of apology at all. This can put the company's reputation and relationships at risk, particularly if a dissatisfied customer shares their negative experience on a public forum.

Consistent with this assertion a 40-year-old bus driver (participant 5) stated:

*"No, I didn't complain as I couldn't be bothered about this online fashion retailer. Could find what I wanted on other sites."*

This respondent did not complain because he felt his complaint would not be taken seriously. By putting consumers at the heart of what they do, businesses can prevent customers from taking their custom elsewhere, which is good for consumers and good for business.

However, a 48-year-old media relations manager (participant 31) added:

*"Yes of course, I actually spoke to someone. Although for several weeks I was assured item was on its way. At some point you realise it's not coming."*

This respondent complained and asked for damaged items to be replaced at the company's cost, within a reasonable time, and without significant personal inconvenience.

In a similar way, a 22-year-old restaurant manager (participant 11) added:

*"Yes, I complained that it happened, and that the high street shop could not accept me returning the incorrect items I was sent and that the telephone customer service representative was terrible (and at my cost)."*

This respondent spent an amount of time speaking with a representative to find a way to return an incorrect order.

A careful examination of these answers suggests that ***unclear/inequitable company policy and complaint intentions*** appear to be the main concept that can be drawn at this stage.

In response to question 8, the following are a sample of views expressed by participants.

*“Yes, I feel other people should be aware of possible issues because over hundreds, thousands or even millions of other potential customers sees Facebook, Twitter, YouTube etc. and you get honest results”* (the 30-year-old English teacher, participant 29).

The above respondent highlights the potential impact that social media platforms such as Twitter, Instagram and Facebook can have on customers’ perceptions of a company given the rapid increase in social media use over recent years.

Another respondent (a 19-year-old student, participant 12) made a similar statement highlighting communication with companies, and about companies, using social media:

*“Yes, it is quicker and more likely to get a response than traditional methods. Word-of-mouth and reviews from people I know are very important when buying online.”*

The above response indicates the belief that service failures would have been much more private before the rise of the Internet.

The participant suggests it is important for shoppers to hear about poor service and social media facilitates this. Generational trends indicate an increasing use of social media sites such as Facebook, WhatsApp, Instagram, blogs and Twitter for posting and reviewing feedback. Companies will need to actively integrate these social media sites into their marketing and customer strategies.

However, a 45-year-old security officer (participant 6) responded:

*“No, businesses can be ruined for good because of a few bitter customers so I totally oppose that route.”*

For this respondent, social media immortalises discussions with organisations. Such conversations are transparent and permanent.

Another respondent, a 29-year-old chef (participant 7) added:

*“The retailer may have a website or customer service help desk, so I prefer to speak to named staff or a company directly.”*

This respondent actually prefers to speak with a service representative over the phone.



Bases on an analysis of responses to question 8 one can conclude that ***word-of-mouth communication via social media, customer service and the ability to complain direct to the company*** are the main concepts that stood out.

In response to question 9, the following are a sample of views expressed by participants.

*“The online fashion retailer was empathetic to my plight asked for pictures of the box which is understandable so I sent them. After a few days of investigation they sent me a replacement ring with a voucher. However, it took a week for the replacement ring to show up, which was much later than anticipated”* (a 39-year-old waiter, participant 32).

To this respondent, the customer representative felt his dilemma too. Customer understanding entails being empathic and listening to customers and recognising their comments. It also requires keeping customers informed in a language they can understand. However, it took too long for the online retailer to make arrangements for the replacement.

A 26-year-old registered nurse (participant 21) added:

*“Apology given, and told that they would look into the problem.”*

For this respondent, a genuine apology is deserved for the inconvenience caused. While a heartfelt apology can restore balance or even improve relationships, an insincere apology can make things much worse.

Similarly, another respondent, a 25-year-old postman (participant 33) added that:

*“The online retailer was very empathetic and agreed to offer me money off items.”*

To this respondent the customer service representative was effective and showed empathy in offering discounts.

The 22-year-old restaurant manager (participant 11) stated:

*“After several complaints, they eventually accepted the return and sent the correct items. Apologies and reimbursement for time and cost of calls were not forthcoming.”*

To this respondent fair recovery is essential to generate satisfaction. Things will go wrong and when they do, a quick apology can be effective. It is imperative for service firms to apologise personally, with humility and honesty.

*“The compensation was well worth the trouble”* (a 55-year-old professor, participant 20).

This respondent was simply pleased with the outcome of the recovery.

Furthermore, a 45-year-old lecturer (participant 16) added:

*“Nothing, very slow to reply and react. I couldn’t get the money back easily as I had paid for the items via PayPal.”*

This respondent was not happy with the response they had received from an online fashion retailer. In the world of electronic communications client expectations have grown exponentially. It is essential that queries are responded to as quickly as possible. Besides, the customer had to wait longer than necessary to receive a refund via PayPal.

An evaluation of these questionnaires would suggest that ***discount, an apology, taking no action and offering a replacement*** are the main concepts that can be drawn.

In response to question 10, the following are a sample of views expressed by participants.

*“Yes, the online retailer accepted responsibility, didn’t expect me to pay for the return and they apologised”* (a 29-year-old sales advisor, participant 34).

To this respondent, the unfit-for-purpose item was returned with the retailer apologising for the error and bearing all the costs.

A 55-year-old professor (participant 20) added:

*“Financially, yes. No apology for poor service though.”*

This respondent felt that the fashion retailer did not deal with her complaints satisfactorily and thought the retailer saw financial compensation as a way to put things right. Hence, the firm did not think it would be appropriate to offer an apology for the severe disruption they had caused. It is essential that firms offer fairness in resolutions to problems.

A 26-year-old unemployed respondent (participant 35) stated:

*“No. Bad customer service, lack of communication about the delay of the advertised delivery. It was a present and it didn’t arrive for the birthday.”*

This respondent had experienced a delay to the delivery of items, and the customer service was terrible. There was barely any communication and no explanation or apology. The respondent received no updates voluntarily.

Finally another respondent added:

*“No. The online retailer should have been far more helpful and at least appeared sorry for the error”* (a 45-year-old handyman, participant 28).

Customer dissatisfaction with employee behaviour carries the risk of damaging customer loyalty, indicating that managers must acknowledge the importance of customer satisfaction in relation to customer loyalty and switching behaviour whilst also identifying the services and factors that are most important to customers in this regard.

An evaluation of these quotes suggests **poor customer service**, **satisfaction** and **dissatisfaction** are the main concepts that can be drawn here.

In response to question 11, the following are a sample of views expressed by participants.

*“I expect an alert to say problems with the website or email/text message be sent to the customer later the same day about what to do next”* (a 36-year-old leisure centre manager, participant 23).

For this respondent it is essential that service firms send interactive text and email notifications to customers informing them about problems on the website.

A 37-year-old laundry assistant (participant 24) responded:

*“More explanation, apology and good customer service.”*

To this respondent it is important that service firms offer a sufficiently detailed and honest explanation or apology for errors made.

Similarly, a 22-year-old student (participant 14) added:

*“Apology, fast resolution that was convenient at no cost to me and reimburse any costs incurred by the customer.”*

To this respondent it is important for service firms to provide a prompt apology. A heartfelt apology is an authentic one. Speed signals sincerity and dispels the idea that managers feel uncertainty or ambiguity about their responsibility.

Furthermore, a 24-year-old KS2 teacher (participant 26) added that:

*“Online fashion retailers should correct or rectify the problem quickly and respond to comments.”*

For this respondent, it is important to respond quickly and efficiently to customer complaints on social media. Customers typically want service firms to acknowledge their problem so that they get the feeling they are being taken seriously.

In addition, a 29-year-old banker (participant 3) added:

*“Quick response to email, clear feedback to the problem, alternative options and compensation for the inconvenience and time spent to resolve it (money-off voucher).”*

For this respondent, responding quickly and appropriately to negative social comments, emails and receiving compensation can help businesses increase customer loyalty and retention.

*“In solving the problem, the online fashion retailer’s interaction with me should convey courtesy, respect and also involve the customer in the service recovery process as a useful way of showing how the service firm made the effort to solve the problem”* (participant 36).

This respondent suggests the need for service firms to provide interactional justice as a recovery strategy.

Finally, a 50-year-old health and social care assessor (participant 1) added that:

*“I would expect a refund or a partial refund or maybe free postage as compensation due to their error.”*

To this respondent, service firms should offer tangible compensation as part of their error.

An evaluation of these quotes suggests that **co-creation, response speed, just and speedy responses, explanations** and a **fair outcome** are the main concepts that one can draw here.

In response to question 12, the following are a sample of views expressed by participants.

*“Yes, the customer service was excellent, the product was high quality and the response was immediate”* (a 45-year-old security officer, participant 6).

For this respondent, recovery was quick. Customer service is very important for online shoppers to increase business growth in terms of high turnover.

Another respondent; a 40-year-old communication manager (participant 8) added:

*“Well yes, under certain conditions and knowing source of products”.*

If a customer complains about a service or products and also complains about service, it is essential to remedy these issues and make sure the issue is solved in a way that does no damage to the brand.

A 26-year-old registered nurse (participant 21) added that:

*“If my complaint or issue that they caused was sorted out correctly then yes, otherwise I would shop elsewhere.”*

For this respondent, if complaints are managed in a timely manner the perception is positive, otherwise the customer will simply stop doing business with the firm, impacting on future purchase decisions.

Furthermore, a 24-year-old KS2 teacher (participant 26) added:

*“Well, it depends on the solution proposed and if they took action”.*

For this respondent, the issue of whether to switch or remain with an online fashion retailer will simply be based on the strength of the solution proposed to the problem.

Lastly, a 45-year-old handyman (participant 28) added:

*“No, absolutely not. I would not wish to deal with any mistakes they made again. For me I would switch to an alternative brand if a website or service doesn’t work within five seconds.”*

This respondent suggested he would switch service providers even if the website was poor. Unhappy customers are more likely to spread negative WOM than happy customers.

An evaluation of these quotes suggests that **product information, customer support, repurchase intentions and switching behaviours** are the main emerging themes.

This concludes the data analysis based on the GT method of simultaneous comparison of concepts from data collected from both survey questionnaires and semi-structured interviews. Ultimately, 41 concepts emerged as result of coding, and

constant comparison of these concepts produced initial findings to crystallise ideas to become part of the emerging theory. In open coding, the researcher is concerned with generating open categories and their properties which seek to determine how the categories vary dimensionally. The following eight open codes below have been identified around online service failures and service recovery strategies.

## **5.6 Results of open categories developed from the semi-structured interviews and survey questionnaires.**

The following section provides a detailed description of each of the eight open codes that are based on respondents' thoughts, words and views relating to online service failure and recovery experiences. These labels can correspond closely to the interview context and when based on the interviewees' own words, they are known as *in vivo codes*. These issues, also known as *phenomena*, are assigned a conceptual label to become a *code*, also known as a *concept* by Strauss and Corbin (1998). The codes or concepts are explained further in relation to their properties and dimensions. Categories are referred to as having 'analytic power', due to their potential to explain and predict (*ibid.*). Further analysis of these categories through axial coding will establish the relationships between categories and sub-categories. Through selective coding, core categories will be identified. The semi-structured interviews and the survey questionnaires will also be analysed and compared with the core categories collected from both the interviews and the questionnaires to establish the major categories upon which the substantive theory will be built.

### **5.6.1 Technological issues**

In the context of service provision, negative events that create a threat to a customer's wellbeing may take several forms of service failure, and can be divided broadly into initial service failure and ineffective service recovery (Bitner, 1990). These can be further categorised into several broad failure types (Bitner, Booms, & Tetreault 1990; Keaveney, 1995). In a 'core service failure, the firm does not fulfil its promise of providing a core service. It involves all critical incidents due to mistakes or technical problems with the service itself (e.g. billing error, failure to provide the promised service/physical good). Technological issues emerge as a consequence of these properties. These include website design problems, website malfunctioning and security/privacy. It is also worth noting that website system failure, website

malfunctioning and security/privacy all emerged during both the interview and the survey questionnaires. This failure arose in situations in which the website was believed to be non-user friendly by the customer. The vast majority of online fashion customers reported failures classified as website failures in situations where the customer was unable to order an item, or where the site was hard to navigate and where the item displayed on the site was not accurate.

For example, while responding to question 1 during the semi-structured interview, an interviewee said:

*“Usually minor bugs in websites which prevent one from completing a purchase or proceeding with clarity on your purchases and I have had these a couple of times. Refresh of Cart which loses products placed there, website completely failing”* (a 33-year-old accountant).

Commenting further in response to question 3 in the survey questionnaire a participant said:

*“While shopping on a site some time ago, I noticed that the search function wasn’t working, pictures wouldn’t download properly, and upon purchasing I was unable to click on a button and move to the next page. I mean the site wouldn’t load at the checkout to complete my order. I tried several times and managed to put the items in my basket and the screen froze, followed by my computer shutting down. On restarting, I found my basket to be totally empty”* (a 45-year-old solicitor, participant 30).

This is also seen in the feedback to question 4 in the survey questionnaire as views expressed by participants:

*“Technical problem was later stated on the site”* (the 45-year-old solicitor, participant 30).

*“Problem with the website, it simply crashed”* (a 40-year-old communication manager, participant 8).

*“Technical glitch was mentioned when I phoned them up, hence the service representative did not have a friendly attitude in answering my question and only stressed that it was a technical problem and there was nothing else she could say”* (a 29-year-old store manager, participant 22).

Privacy, often a concern of customers of high-tech services, relates to the manner in which their personal data is acquired and used (Castañeda & Montoro, 2007; Chang & Chen, 2009). Similarly, security refers to the extent to which a customer perceives the entire online transaction as being safe. This includes safety in terms of payment methods and systems for storing and transmitting confidential information. It also refers to protection from cyber attacks (Chang & Chen, 2009). Customers are prone to attribute low risks to purchasing from service providers that are reputable in relation to their security practices (Roca *et al.*, 2009). Moreover, in online services, privacy is shown to have a direct effect on intentions to recommend (Finn *et al.*, 2009). Participants confirmed that when they think of Internet services, privacy and security are always their main concerns. Several respondents from the semi-structured interviews and survey questionnaires raised an interesting point relating to importance of privacy and security. Many highlighted doubts about the so-called Internet creditability of online fashion retailers.

*“I got an error after I entered my credit card details when purchasing a dress so I had to redo it. The system showed we are processing payment and we are sorry for any inconvenience caused, and are working hard to resolve the issue as quickly as possible. It turned out I was charged twice and had to contact the online retailer over the phone to have it rectified. The online retailers said it was due to a software upgrade which went spectacularly wrong. I am also worried about my credit card details”* (a 24-year-old student).

*“Well, after adding to the basket online, the system was not reading the minimum spend and hence I was unable to register my debit card payment details. You know, Internet creditability is always a big question. It does not matter how long or how much we use the Internet, I want to be protected”* (a 27-year-old apprentice, participant 4).

A retailer's website design plays a vital role in how customers locate information online. Easy access to information can greatly facilitate information searches by consumers and can form part of their expectations. In the online environment, customers interact with retailers through websites, which are essentially information systems. Any negative impact will be more severe in the case of poor website design, in that customers will not easily find information. As with other services, the privacy of customers is something that cannot be forgotten. This is a serious matter which can strongly affect perceptions of the integrity of organisations. A well-designed website,



on the other hand, can facilitate information searches and reduce the likelihood of mismatch. Therefore, the design of this information system plays an important role in shaping the customer's shopping experience.

### **5.6.2 Issues of remote service deliveries**

Delivery delay, defined as a purchase that arrives later than promised (Comegys *et al.*, 2009; Holloway & Beauty, 2003; Sebastianelli *et al.*, 2008), encompasses an online shopping service failure (Chang & Wang, 2012; Forbes *et al.*, 2005; Holloway & Beauty, 2003) and might cause negative outcomes such as dissatisfaction, non-repurchase intention, and complaint intention.

Online fulfilment lets customers acquire and sometimes consume ordered item(s) online within a short time interval when placing an order via mail/delivery services. Online retail success often hinges upon how efficiently and effectively the online retailer is able to deliver products to the end customer (Alba *et al.*, 1997; Rao *et al.*, 2011). In fact, it has been argued that order fulfilment is the most critical operation for Internet retailers, and that those online retailers who outperform the competition in this regard have much to gain (Grewal *et al.*, 2004; Rao *et al.*, 2011). Issues of service deliveries emerge as a consequence of these properties and include delivery delays, product defects, out of stock products and packaging errors. It is worth noting that delivery delay, stock issues, product defects and packaging errors all emerged in both interviews and the survey questionnaires. Analysis was based on the experiences and opinions of the majority of participants in relation to interview question 1 and survey questionnaire 3. The corresponding category covered incidents involving delays where items did not arrive on time, or where the order became lost. In other cases, incidents in this category involved delays where the items were not received.

Below are a few relevant comments in relation to this problem:

*"I have never received the item I ordered for till today and I'm still waiting (laugh). It got completely lost"* (a 37-year-old civil servant).

*"It was delayed deliveries. Overseas company and it's likely item was never shipped"* (a 32-year-old sales assistant, participant 27).

*"One time while purchasing expensive clothing online, on trying to go to the final checkout process, it kept not loading (i.e. the webpage to confirm purchase). So I*

*repeated the purchase numerous times. I then found out that I had made 11 purchases for the product. The online retailer couldn't cancel the order and I had to wait longer than the expected promised delivery date till all purchases were delivered before I could return them all again"* (a 28-year-old teaching assistant, participant 13).

Informational failure refers to online service failure that occurs as a result of customers receiving irrelevant, inconsistent or incomplete information that negatively impacts on their service experience (Tan *et al.*, 2011). An example would be advising online that a product is in stock, only to find out when trying to place an order or make a reservation that it is not available. Two participants commented that:

*"I have had a couple of bad experiences online. The lack of correct information on product advertised. One time I was paying for items purchased only to be told it is out of stock or it is no longer available and hence causing failure to deliver on time. Promised delivery dates arriving later and sometimes broken items upon receipt. It's really terrible!"* (a 22-year-old engineer).

And:

*"Usually a bad stock control (i.e. wrong code for an item) or something like that. In a recent case the ordered item, although listed as in stock, wasn't actually available"* (a 30-year-old carer).

Incidents of packaging errors included orders in which the online fashion customer received only a partial shipment of their intended purchase, or received the wrong item. They also included losing attachments and receiving more items than were ordered. While responding to question 1 during the semi-structured interview an online fashion customer said:

*"Occasionally I have received incorrect delivery of ordered items or wrong item delivered. The size of the dress I ordered was completely different to what was received."*

While responding to question 3 in the survey questionnaire a participant said:

*"Upon receiving a purchased necklace, it was found to be the wrong item when I opened the parcel"* (a 41-year-old consultant, participant 17).

An increasing number of consumers prefer retail websites to physical stores. The reasons for this change include lower prices, more convenience and time savings, and

a wider selection of products and services available on websites (Brunner *et al.*, 2014). In Europe, 565 million people already use the Internet (79 per cent of the population), and 47 per cent make online purchases (Ecommerce Europe, 2014). Consequently, retailers that deliver world-class order fulfilment stand to enjoy high customer satisfaction and loyalty (Tripathi, 2009; Trocchia & Janda, 2003).

However, given the evidence within the service failure literature of the distinct impacts of positive and negative affective reactions to firm actions, and subsequent assessments of positive and negative experiences by customers (McCollough *et al.*, 2000; Harris *et al.*, 2006), failure to deliver on order fulfilment promises will lead to decreased subsequent purchase behaviour on the part of the affected consumer.

### **5.6.3 Service encounter failures**

Bitner and Wang (2014) define service encounters as any discrete interaction between the customer and the service provider relevant to a core service offering. This includes interactions involving provision of the core service offering itself. Encounters have many forms and can be face-to-face in an actual service setting or online. They can also be over the phone, in writing or even by catalogue (Bitner, Brown, & Meuter, 2000). Service encounter failures emerged as an open category expressed through properties including unresponsive behaviour and inappropriate behaviour.

Consistent with Keaveney's (1995) and other service scholars' (e.g. Bitner, Booms, & Tetreault, 1990; Kelley, Hoffman, & Davis, 1993) categories, unresponsive behaviour relates to how the service is delivered, and includes uncaring, unresponsive, unknowledgeable employee behaviour. It is also worth noting that unresponsive employee behaviour emerged both during semi-structured interviews and in survey questionnaires.

For example, while responding to question 2 during the semi-structured interview, an interviewee said:

*“Several times I have had long and delayed deliveries. A supplier claiming to have a product that they can't supply. One time a courier claimed to have tried to deliver but I was home and so was my neighbour and no attempt was made. I had to phone to question as to why they were lying about apparently attempting delivery when I knew they didn't. The customer service representative was unable to explain or find a*

*solution to my complaints. They apologised but could not make the redelivery any quicker” (a 38-year-old zoo keeper).*

*“It was annoying that my mobile phone received a poor signal. I purchased from a general merchandise online retailer. I tried to call the customer service number but it was difficult to get connected. After several attempts, I got to talk to a service employee. She was impatient in dealing with my questions and told me that it happened because of my mobile phone and it had nothing to do with their company. I was already upset about having to call them several times and this kind of response really drives me mad. She told me I needed to change my mobile phone” (a 52-year-old restaurant owner).*

Inappropriate behaviour included rude and impolite behaviours. This failure arose in the manner in which the service provider handled the service problem in the course of service recovery. Commenting further to question 4 in the survey questionnaire a participant said:

*“Technical glitch was mentioned when I phoned them up, hence the service representative did not have a friendly attitude in answering my question and only stressed that it is a technical problem and there is nothing else she could say” (a 29-year-old store manager, participant 22).*

Service managers should design service recovery systems that are well balanced in terms of outcome and process. A tangible outcome to restore the inequity of a service failure is critical. In addition, social interactions and process are crucial in determining customer evaluations of failed service transactions. Managers should recognise that both aspects of service recovery are important and necessary for successful service recovery (Tax *et al.*, 1998; Blodgett *et al.*, 1997).

#### **5.6.4 Customers’ perception of fairness**

According to Brown (1986, p. 75), equity/inequity is defined as ‘an equal/unequal distribution of rewards (or benefits or good)’. Equity theory argues that an individual perceives inequity when she/he compares the ratios of his/her own outcomes to investments to reference others and finds a difference in the ratios. At this point, the individual will act to bring about a state of equity (Brown, 1986). The theory is often used by customers (Adams, 1965) to evaluate service recovery efforts. In any service failure encounters, responsible organisations need to develop ethical recovery strategies to avoid perceived inequity by customers. Adams (1965) suggests that

people feel they are fairly treated in a social exchange relationship when they perceive a balance between their inputs and the outcomes.

To satisfy dissatisfied customers, customers must perceive that the outcomes are just or fair (Kau & Loh, 2006). Hoffman and Kelley (2000) suggest that service recovery itself, as well as the outcomes and the interpersonal behaviours enacted during the recovery process and the delivery of outcomes are all imperative. Their argument resonates with the three-dimensional concept of justice (distributive, procedural, and interactional justice) proposed by Tax *et al.* (1998). Consumer perceptions of fairness emerged as a consequence of *outcome fairness, procedural fairness and interactional fairness*. It is worth noting that outcomes, process and the human content of the recovery process all emerged during both the interview and the survey questionnaire.

For example, while responding to question 8 during the semi-structured interview, an interviewee said:

*“If they were really nice to me I wouldn’t have cared ... I wouldn’t have cared if he told me it was going to take three days to deliver the lost trousers”* (a 28-year-old mortgage advisor).

*“The customer representative should have been a little more empathetic, a little bit more understanding”* (a 35-year-old security officer).

*“Even if it was just a letter of apology or something, you know, something like that would have made me feel better about it”* (a 45-year-old lecturer).

*“What they could have done was so simple, it could have been just a replacement”* (a 27-year-old accountant).

To develop further upon question 11, participants said:

*“More explanation, apology and good customer service”* (a 37-year-old laundry assistant, participant 24).

*“Apology, fast resolution that was convenient at no cost to me and reimburse any costs incurred by the customer”* (a 22-year-old student, participant 14).

*“Online fashion retailers should correct or rectify the problem quickly and respond to comments”* (a 24-year-old KS2 teacher, participant 26).

*“Quick response to email, clear feedback to the problem, alternative options and compensation for the inconvenience and time spent to resolve it (money-off voucher)”* (a 29-year-old banker, participant 3).

*“I would expect a refund or a partial refund or maybe free postage as compensation due to their error”* (a 50-year-old health and social care assessor, participant 1).

According to the results, three factors were extracted, specifically interactional justice, procedural justice, and distributive justice. This conformed to the dimensions proposed by Tax *et al.* (1998). To sustain customer satisfaction in a service failure, the recovery must somehow enable consumers to perceive fairness in terms of the recovery. In particular, if consumers cannot perceive fair recovery treatment, regardless of whether this is distributive, procedural, or interactional, even if they were satisfied before a service failure, their prior satisfaction will not lead to post-recovery satisfaction despite recovery.

### **5.6.5 Tangible recovery efforts**

Tangible actions involve physical steps that mitigate dissatisfied customers' feelings of real and perceived loss. Tangible recovery efforts offer compensation. The primary intent is to provide fair restitution for the costs and inconveniences caused by service failure, such as offering products for free, providing replacements, offering refunds and discounts or providing free coupons (Chuang *et al.*, 2012; Cheng *et al.*, 2015; Kuo & Wu 2011; Miller *et al.*, 2000).

Tangible recovery strategies sit within an open category expressed through compensation. Compensation is a monetary reimbursement for inconvenience caused to customers for a failure that cannot be resolved (Chuang *et al.*, 2012; del Rio-Lanza *et al.*, 2009; Grewal *et al.*, 2008; Mattila, 2001).

It is also worth noting that compensation emerged both during the semi-structured interviews and the survey questionnaires.

For example, while responding to question 3 in evaluating the compensation received during the semi-structured interview, an interviewee said:

*“Well, the online fashion retailer replaced the order”* (a 41-year-old retail assistant).

This was also summarised by another participant in the survey questionnaire when he commented:

*“The compensation was well worth the trouble”* (a 55-year-old professor, participant 20).

Therefore, tangible recovery efforts are necessary for resolving most service failures. Providing tangible recovery demonstrates a service provider’s commitment to carrying out its initial obligation to the customer, or, when this is not possible, to providing fair restitution for the failure (Chuang *et al.*, 2012; Miller *et al.*, 2000).

### **5.6.6 Psychological recovery efforts**

Psychological actions mean using verbal and emotional responses in cases of service failure (Kuo & Wu, 2011; Lewis & McCann, 2004; Mattila, 2001). When minor failures emerge, only an apology can be effective. If the employees can empathise, this is often more effective (Smith & Bolton, 1998). In addition, an apology is sufficient for a less serious failure, while a managerial intervention is necessary for a more serious failure (Cranage, 2004).

Expressing empathy usually coincides with the delivery of an apology and is, according to many researchers, a fundamental part of the service recovery procedure (Maxham, 2001; Rondeau, 1994; Seawright *et al.*, 2008).

Psychological recovery strategies emerged as an open category expressed through the following properties: empathising, apologising, and explanation. It is worth noting that empathetic communication with the customer, apologising and explanation all emerged both during the semi-structured interviews and the survey questionnaires.

Empathy refers to treating the customer in a way that shows that the service firm cares about the problem. This means overtly fixing the problem, and lessening the customer’s inconvenience (Boshoff, 1999; Brown *et al.*, 2010).

Below are comments from two of the participants captured during the survey questionnaire.

*“The online retailer was very empathetic and agreed to offer me money off items”* (a 25-year-old postman, participant 33).

*“The online fashion retailer was empathetic to my plight and asked for pictures of the box which is understandable so I sent them. After a few days of investigation they sent me a replacement ring with a voucher. However, it took a week for the replacement*

*ring to show up, which was much later than anticipated”* (a 39-year-old waiter, participant 32)

Apology refers to a verbal communication of regret for loss to the customer (Davidow, 2000; Fehr & Gelfand, 2010; Kuo *et al.*, 2011). In terms of responses to the survey questionnaire in relation to question 9 participants expressed:

*“Apology given, and told that they would look into the problem”* (a 26-year-old registered nurse, participant 21).

*“After several complaints, eventually accepted the return and sent correct items. Apologies and reimbursement for time and cost of calls was not forthcoming”* (the 22-year-old restaurant manager, participant 11).

Explanation is the uttered cause of a service failure and signifies how service firms are knowledgeable of difficulties (Bradley & Sparks, 2012; Davidow, 2000, Kuo *et al.*, 2011; Yavas *et al.*, 2004). In terms of responses to service failure, one interviewee said:

*“Not a lot of explanation, I received just a pre-prepared email”* (a 29-year-old firefighter).

Similarly, one participant commented in response to question 9:

*“Nothing, very slow to reply and react. I couldn’t get money back easily as I had paid for the items via PayPal”* (a 45-year-old lecturer, participant 16).

While psychological elements alone may be enough to resolve some service failures, usually fairly minor ones, research has indicated that the vast majority of customers expect some type of effort beyond just an empathetic apology in order to make things right again (Barr & McNeilly, 2003; Goodwin & Ross, 1990). As Goodwin and Ross (1990, p. 59) point out, ‘If nothing is offered, consumers seem to believe that the apology was a sham’. Therefore, tangible recovery efforts are necessary for resolving most service failures.

Effective service recovery design has consistently employed psychological and tangible activities (Cheng *et al.*, 2015; Maxham, 2001; Miller *et al.*, 2000; Wang & Mattila, 2011). In this study, the online fashion retailer employs psychological efforts through empathetic communication together with tangible efforts through compensation, or completion of the original service.



### 5.6.7 Customer satisfaction

Customer satisfaction represents the degree to which a customer is happy (or unhappy) with a product or service, based on the difference between their expectations and actual experience. Customer satisfaction, which is achieved when customers' expectations are fulfilled, is linked to customer retention and loyalty; whilst customer dissatisfaction, which can lead to switching behaviour, occurs when customers' expectations are unfulfilled (Kotler & Keller, 2012).

In a service context, service failure occurs after the customer is served and the firm's response is considered to have a vital influence on customer evaluations. This is because customers are often more dissatisfied by any failure to recover poor service than by the service failure itself (Bitner *et al.*, 1990; Huang & Lin, 2005). A service failure/recovery encounter has been viewed as a series of events and customers' cumulative satisfaction will be influenced by their perceptions of all three dimensions of justice (e.g. Smith *et al.*, 1999). Customers possibly become terrorists when they are dissatisfied with services. They spread negative WOM and repurchase less (Lee *et al.*, 2011; Yang & Peng, 2009). On the other hand, as Ueltschy *et al.* (2007) assert, satisfied customers are more likely to be happy to pay a premium for quality service and are more likely repurchase from the company. Anderson and Srinivasan (2003), Bitner *et al.* (1990) and Yang and Peterson (2004) also found effective recovery to have a positive impact on profits, loyalty, satisfaction, and the relationship between the company and its customers.

Ueltschy *et al.* (2007) highlight customer satisfaction as a key driver of repurchase intention. Customer loyalty and positive word-of-mouth are also widely accepted to be contributing factors in customer satisfaction. Consumer satisfaction emerged as a consequence of loyalty.

Aaker (2012) likened customer satisfaction to customer loyalty, defining it as a direct measure of how willing customers are to stick to a brand. It is worth noting that loyalty emerged both during the interviews and the survey questionnaires.

For example, while responding to questions 4 and 10 during the semi-structured interview and survey questionnaire, participants said:

*“Not really, I was dissatisfied because the items I purchased online were not fit for purpose and refund within 24 hours alone doesn’t fill the gap when you need the items so badly and they are not available” (a 24-year-old customer manager).*

Another respondent, a 35-year-old butcher, mentioned:

*“Yes, most experiences of this kind that I have had have been dealt with well. When I need to make a purchase, this shop will be my first choice. Any seller who doesn’t handle failure well goes off my list of companies to buy from.”*

Furthermore, another respondent, a 25-year-old credit controller, added that:

*“They should have alerted me prior to accepting the order and they also failed to acknowledge that the size they sent was 2 sizes different from the order. I’m extremely dissatisfied”.*

*“Yes, the online retailer accepted responsibility, didn’t expect me to pay for the return and they apologised. I will recommend my close environment to visit the online shop that I have already deal with” (a 29-year-old sales advisor, participant 34).*

Another respondent added:

*“Financially, yes. No apology for poor service though” (a 55-year-old professor, participant 20).*

Substantial evidence shows that recovering effectively from service failures adds to positive customer evaluations of service firms. Answering consumer complaints effectively can also have a powerful impact on re-patronage intentions and the spread of WOM communication (Halstead, 2002; Komunda & Osarenkhoe, 2012).

The results show that customer satisfaction has significantly positive effects on customer loyalty, which is also supported by studies such as Anderson & Srinivasan (2003) and Yang & Peterson (2004).

### **5.6.8 Behavioural intentions**

Zeithaml, Berry, and Parasuraman (1996) described behavioural intention as ‘a signal whether a customer will remain with or defect from the company (p. 33). As discussed in previous sections, perceived justice can affect the level of customer satisfaction with a service recovery strategy. For example, some participants were dissatisfied, whereas others were satisfied by the way the online fashion retailer handled issues.

Behavioural intentions emerge as a consequence of the following properties: word-of-mouth behaviour, repurchase intentions, customer switching behaviour, and complaint behaviour. It is also worth noting that word-of-mouth communication, repurchase intentions, customer switching behaviour and complaint behaviour all emerged both during the semi-structured interviews and the survey questionnaires.

Harrison-Walker (2001) defines word-of-mouth as the informal sharing of information or experiences regarding a service, product or company, which occurs between individuals who are perceived as unbiased non-commercial actors. Word-of-mouth is a greatly significant factor in service failure and recovery, particularly given the magnitude of influence that negative WOM can have when customers are dissatisfied with their experience.

On the other hand, customers who experienced a satisfactory service recovery are likely to engage in positive word-of-mouth recommendations to others (Bitner *et al.*, 1990; De Matos & Vargas Rossi, 2008). In evaluating the key outcomes of service recovery efforts, respondents were somewhat split, with half expressing positive views and some offering negative evaluations.

In response to question 6 in the survey questionnaires participants provided evidence as follows:

*“I was briefly upset, as the item was a gift. I didn’t use them anymore and looked for another seller. I am likely to talk to friends and family about the way the late delivery was resolved”* (a 30-year-old English teacher, participant 29).

*“Shouted at my computer and was very annoyed. I left the website and looked at other possible providers instead. I am likely to share negative opinions about my online experience with this online fashion retailer with friends and family”* (a 50-year-old health and social care assessor, participant 1).

*“Calmly with a phone call informing them I expect the item redelivered with some sort of complimentary gesture. If my complaint handling is good I will recommend to friends and relatives that they use the services of this online fashion retailer”* (a 32-year-old part-time receptionist, participant 18).

*“I sent a number of emails to customer services. After this experience with this online retailer, chances are that I will say positive things about this company to other people if my complaint is handled well”* (a 44-year-old employment manager, participant 25).

If recovery from service failure is effective, customer satisfaction increases and revisit intentions will rise. However, if recovery from service failure is not executed fairly, recovery satisfaction will decrease, and ultimately word-of-mouth referrals to friends and relatives and revisit intentions will also decrease.

Repurchase intentions refer to a customer's intention to do business with a service provider in the future (Gelbrich & Roschk, 2011; Lin & Liang, 2011). Customer satisfaction is an internal variable that is applied to evaluate a psychological state (Liao *et al.*, 2009). Several previous studies have confirmed the relationship between recovery satisfactions and repurchase intentions. Johnston and Michel (2008), Bhandari *et al.* (2007), Chang *et al.* (2012), and de Matos *et al.* (2009) indicated that improved customer satisfaction is the typical outcome of service recovery that leads to positive behavioural intentions, such as repurchase intentions. Analysing the responses of the semi-structured interview in relation to question 7, participants expressed:

*"Yes sure, because I probably like their products and choice and as long as the problem doesn't carry on or I don't encounter serious problems, I would try again"* (a 41-year-old customer assistant).

*"Yeah why not, mistakes happen. As long as they strive to improve their services I'd come back in the future. I generally have been quite happy with their services"* (a 22-year-old student).

*"No, it's not safe. Slow website speed, irrelevant online content and security concerns. There was no resolution and clearly they did not care. Hence, I think their product quality is low. I will not shop there again"* (a 60-year-old retired nursery teacher).

Similarly, another respondent, a 31-year-old financial analyst, added:

*"No, this has now happened three times and the online fashion retailer has never been able to supply the trousers they took my money for. When some customers get a better deal and I still didn't get the same good offer it makes me angry because I perceived the unfairness of being loyal. So I looked for somewhere else to shop."*

In a service failure context, it is essential for service firms to recover service failures to retain customers. If a service firm can provide effective service recovery to customers who experience service failures, they may well offer repeat business as a result.

Service problems and poor customer service issues are among the factors affecting customer switching (Sathish *et al.*, 2011). Consumer switching intentions are one of the main concerns of service providers. According to Keaveney (1995), there are some factors that cause brand-switching decisions such as pricing policies, inconvenience, a failure of core services and a lack of response from employees to address failed services provided to consumers. Interestingly, Keaveaney (1995) finds the most common reason for switching firms was core service failures, accounting for around a quarter of all reasons for switching behaviour. In addition to identifying prominent switching factors, Keaveney (1995) suggested that post-switching behaviours include: (1) engaging in word-of-mouth and/or complaining, and (2) searching for a new service provider. Other research has also been conducted on switching behaviour intentions. For instance, a study by Coyles and Gokey (2005) revealed that dissatisfaction is a key indicator of consumer switching behaviour in the insurance industry. It was further argued that customers will exhibit more dissatisfied behaviour for increased failure frequencies if they perceive that the firm had the ability to prevent the failure (Choi & Mattila, 2008).

Commenting further on questions 5 and 12 during the survey questionnaires, participants provided evidence as follows:

*“Oh yes, I did use the online retailer again because these things happen and they sorted it out quickly. I wasn’t out of pocket so I would say yes, I get good services”* (a 44-year-old employment manager, participant 25).

*“Never again! The customer service representative was useless when trying to solve the issue and had to be transferred to senior management in the resolution of the problem. Besides, I didn’t feel the staff was very efficient”* (the 28-year-old teaching assistant, participant 13).

Similarly, another respondent, a 39-year-old recruitment consultant (participant 19) added:

*“No, I didn’t use the services of the online fashion retailer again because the recovery was highly frustrating and time-consuming. The lack of options to contact the seller and resolve the problem quickly.”*

*“If my complaint or issue that they caused was sorted out correctly then yes, otherwise I would shop elsewhere”* (a 26-year-old registered nurse, participant 21).

*“Well it depends on the solution proposed and if they took action”* (a 24-year-old KS2 teacher, participant 26).

*“No, absolutely not. I would not wish to deal with any mistakes they made again. For me I would switch to an alternative brand if a website or service doesn’t work within five seconds.”*

Satisfaction levels suggest there is some impact on customer switching behaviour. As indicated by the respondents, dissatisfaction with some websites taking too long to respond was one of the factors that contributed to customer switching decisions.

It was notable that respondents who had experienced negative complaint handling experiences frequently mentioned that they did not intend to buy from the offending online fashion retailer again. This was also true for some of the respondents who had a more positive complaint handling experience, indicating that even when a firm is able to recover effectively from a service failure it may still be difficult to gain future business from the affected consumer. Hence, it is very likely that customers would switch to alternative service or product providers.

Consumer complaint behaviour refers to responses triggered by perceived dissatisfaction that is neither psychologically accepted nor quickly forgotten in the consumption of a product or service (Homburg & Furst, 2005). Customer responses to dissatisfaction arising from service failure suggest that dissatisfied customers may not always complain (Zeithaml & Bitner, 2003; Wilson, Zeithaml, Bitner, & Gremler, 2012). Research actually reveals that only a minority of dissatisfied customers voice their complaints (Chelminski & Coulter, 2011; Andreassen, 2001). Several reasons are cited for not complaining. Some feel it is not worth the time and effort. Others say that they do not know where or how to complain. Analysing the responses in the semi-structured interviews in relation to question 5, participants expressed that:

*“If I have decided to complain, which I normally don’t. Then I would search their website and send them an email or a telephone number to call as a formal way to complain”* (a 34-year-old project manager).

*“I usually prefer to chat online, join a discussion thread on a website, write a negative review of a product and await the vendor’s response”* (a 50-year-old artist and painter).

Commenting further on question 6 during the interviews, participants expressed:

*“Well, it’s yes and no. Yes because it can be useful if you want it publicising and then any customer who checks social media will see the feedback, and no because the business may not check their social media regularly to help your query quickly” (a 32-year-old broadcast journalist).*

*“Oh yes, definitely. It’s a good place to complain as it forces them to act and also if they don’t act it creates a bad reputation for the firm. Customers are more likely to see it, and in my opinion the service provider would be more likely to fix it or respond quickly” (a 36-year-old administrative assistant).*

Similarly, analysing the responses to the questionnaires in relation to questions 7 and 8, participants expressed:

*“Not serious enough for me. The reply would have been an apology and there was no point, I still wouldn’t have got the article I wanted” (a 27-year-old plumber, participant 10).*

*“No, I didn’t complain as I couldn’t be bothered about this retailer. Could find what I wanted on other sites” (a 40-year-year old bus driver, participant 5).*

*“Yes, I feel other people should be aware of possible issues because everybody sees Facebook and you get honest results” (a 30-year-old English teacher, participant 29).*

*“Yes, it is quicker and more likely to get a response than traditional methods. Word-of-mouth and reviews from people I know are very important when buying online” (a 19-year-old student, participant 12).*

The results resonate with Chelminski and Coulter’s (2011) and Andreassen’s (2001) assertions, that only a minority of dissatisfied customers voice their complaints. However, if they want to complain, they complain on social media sites because they want the organisation to rectify the failure and take appropriate action.

### **5.6.9 Summary of properties and dimensions of open categories**

Table 5.6 shows the identified categories, properties and dimensions as they related to service failures and recovery strategies in the UK fashion industry.

<b>No.</b>	<b>Open categories</b>	<b>Properties</b>	<b>Dimensions</b>
<b>1</b>	<b>Technological issues</b>	Website design problems	Positive-Negative

		Website malfunctioning Security/privacy	Low-High
<b>2</b>	<b>Issues of remote service deliveries</b>	Delivery delays Product defect Out of stock Packaging errors	Positive-Negative Low-High
<b>3</b>	<b>Service encounter failures</b>	Unresponsive behaviour Inappropriate behaviour	Positive-Negative Low-High
<b>4</b>	<b>Customer perception of fairness</b>	Outcome fairness Procedural fairness Interactional fairness	Positive-Negative Low-High
<b>5</b>	<b>Tangible recovery efforts</b>	Compensation	Low-High
<b>6</b>	<b>Psychological recovery efforts</b>	Empathising Apologising Explanation	Low-High
<b>7</b>	<b>Customer satisfaction</b>	Loyalty	Low-High
<b>8</b>	<b>Behavioural intentions</b>	Word-of-mouth behaviour Repurchase intention Switching behaviour Complaint intentions	Positive-Negative

To conclude, these open categories arose from and across numerous questions and responses during the interviews and survey questionnaire. Open coding is: *‘designed to help analysts carry out the steps of theory building – conceptualising, defining categories, and developing categories in terms of their properties and dimensions – and then later relating categories through statements of relationships’* (Strauss & Corbin, 2009, p. 121).



The first step in theory building is conceptualising, which is the process of grouping similar items according to certain defined properties and giving items a name that stands for that common link (Strauss & Corbin, 2009). A concept is a labelled phenomenon. It is an abstract representation of an event, object, or action/interaction that a researcher identifies as being significant in the data (Strauss & Corbin, 2009). One of the easiest ways to analyse qualitative data is to carry out some kind of coding. A code can be a word that is used to describe or summarise a sentence, a paragraph, or even a whole piece of text such as an interview (Myers, 2009, 2013).

The semi-structured interview and survey questionnaire data collected for this research were analysed using the open coding process tied to GT. The analysis involved the process of breaking down, examining, comparing, conceptualising, and categorising data. The aim of open coding is the development of categories from the semi-structured interview and survey questionnaire data collected from the respondents, who had to recall a service encounter that they had recently experienced and then answer questions concerning their perceptions.

This led to a number of incidents which were grouped and constantly compared for similarities and differences to produce concepts. These concepts were identified based on an analysis of data from semi-structured interview questions and the survey questionnaire. Concepts that emerged from both the interviews and the survey questionnaire were simultaneously compared until no new concepts were identified. The analysis resulted in the emergence of eight open categories expressed in terms of their properties and dimensions. These are: technological issues, issues of remote service deliveries, service encounter failures, customer perception of fairness, tangible recovery efforts, psychological recovery efforts, customer satisfaction, and behavioural intentions. Each of the open categories was discussed in terms of its properties and dimensions as these relate to data on service failures and recovery strategies in the UK fashion industry. The open categories were rearranged in a different way with the purpose of discovering how these could be related axially. Axial coding procedurally follows after the open coding process has been completed. Axial coding in terms of GTM enables categories to be linked at the level of their properties and dimensions. The last part of this chapter explains how interrelationships between the eight identified categories were established through the application of the paradigm development model of GT.

## **5.7 Semi-structured interviews and questionnaire: Axial and selective coding**

The remainder of this chapter is dedicated to axial and selective coding processes towards the development of a substantive theory of service failure and recovery strategies in the UK fashion industry. Following the analysis of the responses from the semi-structured interviews and survey questionnaire using open coding (from part two of this chapter), the research now focuses on the next two stages of the process which are axial and selective coding using the paradigm process. Thus, this final part of the chapter combines the second and third analytical stage of the GT process (Corbin & Strauss, 1990, 2008, 2014). The results of the interviews and survey questionnaire were analysed using grounded theory coding procedures. Open coding was initially used to identify categories that emerged from the data. Further analysis of these categories through axial coding established the relationships between categories and sub-categories. Through selective coding, core categories were identified.

The semi-structured interviews and survey questionnaire were analysed and compared with the core categories from both the interviews and questionnaire to establish the major categories upon which the substantive theory could be constructed.

## **5.8 Axial coding**

Following the disassembly of data that occurs during the open coding process, axial coding is performed in order to bring the data back together (Strauss & Corbin, 1998). Howell (2013) explains that the purpose of axial coding is to identify relationships between data in order to integrate analysis and create a core category related to the developing theory. Using axial coding, categories are related to their sub-categories to form more precise and complete explanations about phenomena. Strauss and Corbin (1998, p. 124) also added that 'procedurally, axial coding is the act of relating categories to sub-categories along the lines of their properties and dimensions'.

A phenomenon has the ability to explain what is going on. Sub-categories answer questions about the phenomenon such as when, where, why, who, how and with what consequences, thus giving the concept greater explanatory power (Strauss & Corbin, 1998). Howell (2013) added that the connection between categories and sub-categories should be determined based not on unverified assumptions, but on deductive reasoning that uses the data for verification. It is through the categorisation

and comparison of data that open and axial coding explores phenomena. The purpose of this is to produce dimensions and categories suitable for integration with theory (Howell, 2013). Howell (2013) further adds that axial coding entails the use of terms such as context, action/interaction, consequences, causal conditions and phenomena, and intervening conditions. These terms will be discussed in more detail as part of the paradigm model. Strauss and Corbin (1990) suggested that because axial coding involves dimensionalisation, wherein properties are broken down into their dimensions, whilst also emphasising the context and action/interaction approaches utilised to deal with the phenomenon, it allows researchers to relate the given phenomenon with the conditions that influence it.

Conversely, Corbin and Strauss (1990, 2003) explain that selective coding focuses on the way in which a phenomenon is situated in relation to the core category, as well as the way in which new categories fit around this core category. The main research phenomenon is contained within the core categories, which are determined based on considerations such as the nature of action/interaction and the nature of the primary theory being developed as part of the study. Here, the core category is considered when selecting data and creating other categories, with axial coding used to determine and integrate these categories (Howell, 2013).

As noted earlier, Strauss and Corbin (1998) explain that the purpose of axial coding is to recombine data that have been separated during the open coding process. Thus, the eight open categories developed during the open coding procedure (described in part two of this chapter) were combined into six main categories through axial coding, as illustrated in table 5.8. The links that were identified from the analysis of interviews and survey questionnaires established relationships between the open categories during the axial coding process. Each of these main categories of axial coding and their corresponding open categories represents a component of the paradigm model.

**Table 5.8: Interrelationship between open categories and axial codes**

<b>Main Categories (Open Coding)</b>	<b>Renamed Categories (Axial Coding)</b>
Technological issues + Issues of remote service deliveries + service encounter failures	<b>Poor service incidents</b>
Customer perception of fairness	<b>Service recovery evaluation</b>
Tangible + psychological recovery efforts	<b>Service recovery justice</b>
Customer satisfaction	<b>Customer satisfaction</b>
Customer switching behaviour	<b>Customer switching behaviour</b>
Behavioural intentions	<b>Behavioural intentions</b>

The use of axial coding is intended to further develop the open categories into main categories through the paradigm process. It is imperative to note that axial coding differs in purpose from open coding. These are not essentially consecutive analytical steps, and labelling is no different to open coding (Strauss & Corbin, 1998). For the purpose of this research both open and axial coding occurred concurrently and sequentially since these can proceed quite naturally together (Strauss & Corbin, 1994).

Using axial coding, the analyst links categories at a dimensional level. Therefore, when data are analysed at axial level, there are two levels of analysis. These are (a) the actual words used by the respondents, and (b) the analyst's conceptualisation of these (Strauss & Corbin, 1998). The use of the paradigm model is intended to link and develop categories by asking questions and making comparisons. Consequently, 'when analysts code axially, they look for answers to questions such as why or how come, where, when, how, and with what results, and in so doing they uncover relationships among categories' (Strauss & Corbin, 1998, p. 127). Therefore, 'in axial coding the nature of questions we are asking is really denoting a type of relationship' (Strauss & Corbin, 1990, p. 107). Answering these questions helps us to contextualise a phenomenon. Therefore, with these questions in mind 'we then return to our data

and look for evidence, incidents, and events that support or refute our questions' (Strauss & Corbin, 1990, p. 107). This is because the relationships between events and happenings are not always so evident when working with actual data (Strauss & Corbin, 1998).

In the real world, the paradigm is nothing more than a viewpoint taken towards data, and another analytical position that helps to systematically gather and order data in such a way that structures and processes are integrated (ibid.). The subsequent sections will reveal the application of the axial procedures and will shed light on how open categories are connected and included in the main categories. These sections will also discuss how the questions asked link the numerous categories together to demonstrate the application of the paradigm model.

### **5.8.1 The phenomenon**

Strauss and Corbin (1998, p. 130) advocated that a phenomenon is a term that answers the question 'what is going on here?' They contend that 'in looking for phenomena, we are looking for repeated patterns of happenings, events, or actions/interactions that symbolise what people do or say, alone or together, in response to the problems and situations in which they find themselves'. Service failures are inevitable, and occur as both processes or interactions as the outcome of poor service delivery. They include situations where services fail to live up to the customer's expectations (Johnston & Michel, 2008; Michel *et al.*, 2009). When consumers are involved in the service delivery process, including personnel, the physical environment and facilities, and other intangible factors (Lin & Lin, 2011), the occurrence of any event or mistakes makes customers feeling unpleasant or dissatisfied. That phenomenon is known as service failure. Outcome failure motivates the service provider to put more effort into recovery than process failure (Chou *et al.*, 2009; Smith *et al.*, 1999). Outcome failure is where the customer does not receive the service they paid for, whereas process failure refers to a disruption whilst receiving the aforementioned service (Smith *et al.*, 1999). Therefore, different types of service failures evoke different expectations from consumers. Outcome failure stresses loss in monetary value, therefore monetary compensation will be expected. On the other hand, process failure stresses emotional loss. Thus, apologies to compensate for the same type of resource will be appreciated. In such cases consumers expect a strong apology for process failures, while they would expect monetary compensation for an

outcome failure. In other words, recovery strategies that match consumer expectations lead to greater satisfaction. Hence, service failure seems to be the main reason for customer switching. Ganesh *et al.* (2000) argued that customer dissatisfaction was the most essential factor for switching service providers.

In response to the question, '*Do you intend to switch or remain shopping on the Internet with the online fashion retailer in case of improved service?*', customer switching behaviours on service failures and recovery were identified as key phenomena from the semi-structured interviews and survey questionnaires. Through the application of the paradigm model, the causal condition of core service failures, service encounter failures and employee response to service failures (grouped as poor service incidents) in the UK fashion industry led to the phenomenon that represented the issues of the possibility of customer switching behaviour. This formed the basis of the emerging theory. Indeed, the phenomenon of customer switching behaviour including WOM communications, repurchase intentions and complaints behaviour reflected the views of online shoppers in the UK fashion industry.

Consumer switching is an active and destructive response to dissatisfaction, indicated by a breakdown in a relationship with the object (Liu, 2006). In an exploratory study of customer switching behaviour in the service industries, such as in banking, insurance, hotels and hospitals among others, Keveaney (1995) identified eight major causes. Some could be associated with feelings of dissatisfaction with service (e.g. core service failures, failed service encounters, poor service recoveries), but others were extrinsic or situational factors (e.g. price, inconvenience, ethics and involuntary situations). Comparably, intrinsic factors, such as satisfaction, are also an important variable in reducing switching intentions or behaviours (Jung & Yoon, 2012). That is, both intrinsic and extrinsic factors may affect switching intentions.

Many researchers, including Oliver (1999, 2014) and Verhagen, Nauta and Feldberg (2013), have found satisfaction to be a direct contributing factor to switching intentions, repurchase intentions, the long-term profitability of the company, and numerous other behavioural intentions amongst consumers. When companies provide customers with products and services that are of high quality, this has a positive impact on customer satisfaction, which can therefore result in a lower intention to switch as well as a stronger intention to repurchase from the company. This being said, Oliver's (1999, 2014) finding that repurchase intention is higher amongst satisfied customers has

been opposed by researchers such as Jang and Feng (2007) and Seiders *et al.* (2012), who found that repurchasing behaviour may not be continued after a certain period of time, even when the customer is satisfied.

Overall satisfaction is an integrated part of a purchase intention which, in turn, influences brand loyalty or switching behaviour. Switching behaviour occurs when the performance of the brand does not exceed the consumer's expectations.

People wear clothes both to fulfil a basic need and to embrace a particular fashion. Clothing has become a major requirement for customers. Customers have preferred brands, materials and styles and become loyal to particular online fashion retailers where they can enjoy the expected benefits of choosing preferred clothing items. In the case of online shopping websites, customers buy clothes from all over the world with the click of a mouse. Similarly, the virtual absence of switching barriers on the Internet allows consumers to compare offerings, and, with a few clicks of the mouse, to switch to firms that offer better value. Thus, customers may interact with various online fashion retailers for various reasons. According to the results of GT in this research, four major factors including technology failures, poor websites and user experiences, poor customer services and service recovery failures, were identified as the major factors which influence switching decisions in online fashion contexts. Analysis suggests that unappealing websites are responsible for a great deal of switching. Consumers might visit an online fashion retailer expecting to find preferred clothing with particular attributes. If these clothes are not available, most probably they may switch and find a rival able to offer it there and then (Liu, 2006; Xavier & Ypsilanti, 2008). Customer attitudes are changing very fast, such that one respondent was prepared to switch to an alternative brand based on interactions with a slow or poor website. With social media use on the rise, the ripple effects of negative experiences are hard to measure, but are certainly damaging and hard to reverse. According to Parasuraman *et al.* (2005), numerous factors influence customer satisfaction in the context of online service experiences, including perceived data protection and security of the site, functionality, product availability and delivery information, ease-of-use, website loading times, and other relevant factors.

Staff behaviours and attitudes are responsible for poor customer service. Poor customer service was rated by the respondents in this research as a major factor influencing their decision to switch to alternative fashion retailers in the UK. This

dissatisfaction relates mostly to employee or customer service staff conduct and behaviour. Factors such as indifference and the unwillingness of staff to help, as well as rudeness and unprofessional attitudes, were viewed as barriers to loyalty. Further barriers included a lack of employee knowledge and the competence and availability of staff. This argument is in line with Gerrard and Cunningham's (2004) 'people failure' framework as well as the findings of other research (i.e. Colgate & Hedge, 2001). Service failure can occur for any number of reasons, ranging from technical errors to mistakes made by employees behind the scenes. At times, service failure can arise for reasons beyond the company's control. However, customers are typically more concerned with whether the company can fix the problem sufficiently than where or with whom the fault lies.

The last factor relates to the ineffectiveness of the service recovery strategies being implemented by online fashion retailers, referred to as service recovery failures. In any service delivery, there are bound to be problems between the service provider and customers, and the failure of the service provider to recover the services could lead to customers switching to alternative providers. Prior research has identified this failure as one of the major causes of customer service switching behaviour (Priluck & Lala, 2009). The factors that were mentioned here include: slow complaint resolution, the inability of online fashion retailers to solve complaints satisfactorily, and sometimes failures on the part of fashion retailers to act accordingly. Complaints are major areas of concern. The first point of call for dissatisfied customers is to complain. After a complaint is made, consumers expect the company to address the issue quickly and provide a solution that the customer finds satisfactory. Switching behaviour is likely if the company does not successfully resolve the problem, and this tends to leave customers with a negative perception of the business.

Online fashion retailers in the UK must contend with a number of factors related to switching behaviour, with these factors being relatively similar to the factors highlighted in the existing literature.

Finally, online fashion retailers must put in place appropriate strategies to recover services. Research indicates that the 'recovery paradox' may exist if customers are highly satisfied with service recovery (Priluck & Lala, 2009). Online fashion retailers must use service recovery strategies to raise satisfaction levels beyond the level of



satisfaction that existed before the problem arose. An effective complaint management system could include simple apologies and compensation where losses were suffered.

### **5.8.2 Causal conditions**

Strauss and Corbin (1998, p. 130) stated that conditions are a set of events or happenings that create situations, issues, and problems pertaining to a phenomenon and, to a certain extent, these can explain why and how persons or groups respond in certain ways. Conditions might arise out of time, place, culture, rules, regulations, beliefs, economics, power, or gender factors, as well. They arise within different social worlds, organisations, and institutions in which we find ourselves along with our personal motivations and biographies. Causal conditions refer to events, incidents or happenings that lead to occurrences of the phenomenon (Strauss & Corbin, 1990). In an attempt to identify the causal conditions, the researcher focused on the phenomenon while systematically returning to the data to understand the set of events, happenings or incidents that led to the occurrence of the phenomenon (Strauss & Corbin, 1990).

Core service failures, service encounter failures and employee responses to service failures (collectively, poor service incidents) are amongst the several factors that influence customers to switch online fashion retailers. Core service failure may be the only reason for the switch or it may be combined with other reasons, which tilt the balance towards switching to another service provider. Even though customers and organisations increasingly seek a flawless delivery of core and supplementary services, this is virtually impossible in a service setting due to human involvement in service production and consumption. In addition, the inseparable, intangible and heterogeneous nature of services also gives rise to service failures (Palmer, Beggs, & McMullan, 2000; Panda, 2014). Core service failures include all critical incidents that occur due to mistakes or other technical problems with the service itself (Keaveney, 1995). These include billing errors, service mistakes, and service catastrophes. Service encounter failures are related to dissatisfaction with the provider's staff actions and attitudes and can be related to human factors in the firm. Employees who treat consumers unprofessionally and without empathy or responsiveness can cause dissatisfaction amongst consumers. Additionally, an employee who is incompetent and unknowledgeable can also contribute towards consumer switching behaviour. A key study conducted by Tax *et al.* (1998) indicates that interactional justice is a key

factor in determining customer satisfaction. 'The inclusion of interactional factors helps explain why some people might feel unfairly treated even though they would categorise the decision-making procedure and outcome as fair' (Tax *et al.*, 1998, p. 62). The authors suggest that employees and managers who act in a polite and helpful manner diffuse an unpleasant situation, whereas if the same situation is handled poorly, it will end up exacerbating the situation. More often than not, customers seek empathy and a validation of their concerns. Responses to service failure are another cause of switching related to the failure of service providers to handle situations appropriately and in a responsive way. Here again the human factor plays a critical role. If the service provider fails to address or resolve a customer's complaint appropriately, customers may switch. Reluctant responses, a failure to respond, or a negative response from an employee are amongst the main reasons why clients switch. With regard to this category, respondents frequently noted issues such as not being validated by the customer service representative as well as feeling that the customer service representative expressed little understanding or concern. Tax *et al.* (1998) suggest that customers are more likely to perceive the resolution to be fair and meaningful when employees are kind, polite and sincere when dealing with complaints.

Technology innovations will continue to disrupt the world of commerce and clothing; shoes and accessories are no exception. Internet-based technologies have disrupted many industries that earlier depended on a physical presence for their business. Retail shops have moved from physical buildings to a digital presence (Marcial, 2017). Disruption in the fashion industry in this sense will be gradual but inevitable. What is likely is that when the situation is reviewed in ten years we will realise how much has changed in the way we imagine, consume and engage with fashion. With the Internet revolutionising the way we shop, customers are increasingly avoiding the hassle of the high street, opting instead for the comfort of online shopping. However, the reality is that it is becoming increasingly hard to succeed in online fashion. As a highly emotive and seasonal industry, fashion is a very dynamic space and far more complex than was first thought. Consumer needs are constantly changing, and it is no longer just about selling clothes. Technological developments and sophistication along with computerisation and technological innovations are radically altering the way in which many organisations do business with their customers. These can make a major contribution to the delivery of quality service. In terms of competitive

elements, since entering the new millennium, it has become clear that most organisations, in their quest for progress and advancement, are increasingly interested in how they can achieve differentiation and competitive advantage (Bamford & Xystouri, 2005; Verma, 2000). Globalisation and value-driven business imperatives therefore mean that mistakes will not be tolerated.

Online shopping involves a web-based environment, without any face-to-face contact between consumers and physical products. Online consumers inherently shop with a high level of uncertainty, compared to traditional consumers. They are both shoppers for products and users of web-based technologies in the purchasing process. These online-based features present new forms of service failure and create new complaint behaviours.

The causal condition of technology disruptions such as failure of the online fashion retailer to deliver desired service in the core service, problems in customer services that left several customers in the lurch and has seen IT (information technology) staff struggling to find and fix the issues, are the major cause of switching decisions. This mainly involves technological glitches of one sort or another including technical delays and poor customer service. Data from the interviews and survey questionnaire show that online fashion retailers have experienced major catastrophic IT system failures, meaning that consumers have been unable to purchase items online from fashion retailers. Customer service phone lines, call centres and glitches causing delivery delays have also impinged on service. Other respondents and interviewed participants complained of disgraceful customer service from online fashion retailer staff that provided little information while others were simply unknowledgeable and demonstrated an uncaring attitude that led customers to feel dissatisfied with interactions with online fashion retailers. In order to satisfy customers, online fashion retailers have to keep up with the latest technological advances and train their staff or suffer the consequences.

### **5.8.3 Context**

According to Strauss and Corbin (1998, p.132) 'contextual conditions are the specific sets of conditions (patterns of conditions) that intersect dimensionally at a given time and place to create the set of circumstances or problems to which persons respond through actions/interactions'. Thus, Strauss and Corbin (1990) define context as the

specific conditions that action/interaction strategies are adopted under in order to address a given phenomenon.

The contextual conditions further answer the 'why' of the phenomenon.

In order to provide the contextual framework for the actions and interactions, these questions were asked:

*I. Do you intend to switch or remain shopping on the Internet with the online fashion retailer in cases of improved service?*

*II. What type of response would you have expected from the online fashion retailer to deal with service failure?*

The contextual conditions are outcome fairness, procedural fairness and interactional fairness. These contextual conditions affect the developed strategies through the properties of the open category of customer perceptions of fairness. Justice theory broadly explains the behaviours when individuals face a complex conflict in their minds (Son & Kim, 2008). In service recovery contexts, there are three dimensions of justice, as described below.

Distributive justice talks about perceived fairness. An example is when individuals assess the fairness of an exchange by comparing their inputs to outcomes and form an equity score (Martinez-Tur *et al.*, 2006). In an online context, distributive justice refers to the extent to which consumers feel that their transactional efforts are fair, when compared to the outcomes offered by e-vendors (Holloway *et al.*, 2009). Indeed, the participants interviewed agreed that there were specific outcomes produced by distributive justice which the online fashion retailer followed to recover mistakes they had made. Examples included the provision of products or services at no charge, free gifts, refunds, vouchers, and discount codes. Tax *et al.* (1998) assert that examining the way in which a company treats the customer along with the cost incurred by the customer can help to determine the suitability of the compensation. Negative disconfirmation results in a situation where customers who have a strong relationship with the company will perceive themselves to have been treated less fairly than customers with a weaker relationship with the company, in the event of an equitable recovery policy. Additionally, the results indicate that customers expect to receive fair treatment from online retailers, and if this expectation is not met, customers will seek

an alternative retailer, thus engaging in switching behaviour based on a negative emotional association and lack of trust in the original company.

Procedural justice speaks to the perceived fairness of policies, procedures and criteria used by decision-makers in mediating a dispute or negotiation (Martinez-Tur *et al.*, 2006). Leventhal (1980) first discussed procedural justice in non-legal contexts, such as organisational settings, and identified six evaluation criteria for perceived procedural fairness. Procedures should be (1) consistent: applying procedure consistently across individuals and time, (2) unbiased: omitting the self-interest of the decision-maker, (3) accurate: ensuring that accurate information is collected and used in making decisions, (4) corrective: having some mechanisms to correct wrong decisions, (5) representative: ensuring that the opinions of all parties affected by the decision have been taken into account, and (6) ethical: meeting the ethical and moral values of the social system. Procedural justice for web stores concerns consumer perceptions of fairness in terms of the policies, procedures and criteria offered by vendors in their transactions (Pizzutti & Fernandes, 2010). The design of system interface, in an online context, should be perceived by consumers to be both trustworthy and user-friendly. In addition to fair compensation, online fashion customers expect fairness in terms of policies, rules and the timeliness of the complaint process.

Indeed, many participants interviewed believed that the procedural justice they had encountered was not adequate because they did not have the opportunity to express their views. Therefore, customers can have a poor perception of recovery strategies as a result of the nature of the recovery process, even in situations where the recovery strategy itself is satisfactory to the customer. This simply contributed to the sense of injustice.

The online shopping process can be considered as an exchange of time, effort and money for the receipt of products or services in a virtual store. From the transactional perspective, both virtual and physical stores have similar perceptions of consumers in terms of product information, negotiation and order in the purchase process. The original concept of justice assumes that perceived justice affects all types of social exchange behaviours. Justice perception has been widely used, not only in exploring the service recovery process, such as post-recovery satisfaction and repurchase

intention, but also in understanding the entire service failure experience in an online shopping context (Chiu, Lin, Sun, & Hsu, 2009).

Interactional justice refers to the perceived fairness of personal treatment that an individual receives in the decision-making process (Martinez-Tur *et al.*, 2006; Son & Kim, 2008). There are four criteria for the assessment of interactional justice: (1) justification for decisions, (2) truthfulness, (3) respect and (4) propriety. Recently, one study that investigated information privacy amongst online customers defined interactional justice as the degree to which online users perceive online companies as honest and trustworthy in complying with their promises relating to information privacy (Son & Kim, 2008). Above and beyond their expectations of fair compensation and difficulty-free, quick procedures, online fashion customers expect to be treated politely, with care and honesty. At the same time, online fashion customers want to see that real efforts are made to solve the problems and to eliminate the inconveniences.

Indeed, many participants interviewed believe that online fashion retailers showed a lack of concern during service recovery efforts by not receiving plausible explanations of the cause of the dissatisfaction. In addition, employees displayed a lack of courtesy, honesty, empathy and ethical behaviour during the communications process with dissatisfied customers during service failures, which increased their likelihood of switching.

#### **5.8.4 Intervening conditions**

Strauss and Corbin (1998) explain that intervening conditions are conditions that influence the effect of causal conditions on the phenomena. These overall contextual conditions influence strategies. In this study, the intervening conditions were present and demonstrated in different situations in relation to the phenomenon. Some of the intervening conditions ensued because of unforeseen events, which caused the individual to respond in new ways to situations in the form of actions and/or interactions. Customer satisfaction concerns were considered to be the crucial intervening conditions, expressed through loyalty in previous chapter. The identification of the intervening conditions led to posing the question: *Were you satisfied or dissatisfied with the online fashion retailer's attempt of recovery?*

Expectation Confirmation Theory, which was introduced by Oliver (1980), found that customer satisfaction or dissatisfaction is derived from expectations and perceived

performance of products or services. If the product or service is perceived to be better than expected, it will create positive disconfirmation which can lead to satisfaction. Conversely, if products or services are perceived to be less than expected in terms of quality and expectation, this elicits negative disconfirmation which can lead to dissatisfaction (Kanning & Bergmann, 2009; Chih *et al.*, 2012). The significance of ensuring customer satisfaction following service recovery becomes clear with the realisation that such a situation could foster greater trust in the service provider. This can lead to favourable brand attitudes, and positively influence customer WOM communication (Fang *et al.*, 2013; Wen & Chi, 2013), loyalty, commitment and retention rates (Kau & Loh, 2006).

The semi-structured interviews and questionnaires conducted with online fashion customers revealed that, generally, they were not satisfied with the outcomes of the service failure they experienced. This implies that the service recovery efforts of online fashion retailers were not sufficient to satisfy customers. This presents evidence of the need for online fashion retailers to increase the quality of their services to meet customer expectations. It indicates that dissatisfaction will directly lead to online fashion customers switching to another provider and telling others about their negative experiences. Furthermore, most of the participants interviewed had observed that employees put little effort into solving problems, which made online fashion customers angry or dissatisfied, and occasionally furious with the online fashion retailer. Furthermore, respondents claimed they were treated without any respect and their issues were unresolved, leading to accusations of terrible customer service. Apart from dissatisfaction due to product/service failures, online fashion consumers experience further dissatisfaction due to poor complaint handling. Poor customer service has a negative impact on online fashion retailers.

Online fashion customers who experience service failures, but are ultimately satisfied based on recovery efforts by the service firm, will be more loyal than those whose problems are not solved. The outcomes must be perceived to be fair by customers in order for them to be satisfied with service recovery. This contention is based on the premise that customer satisfaction ensures repurchase intention and positive word-of-mouth communications (Bearden & Teel, 1983; Orsingher *et al.*, 2010).

### 5.8.5 Action/interaction strategies

An action implies a stream of causal interventions that people use to resolve situations or issues which are encountered. Interactions are mutual and reciprocal actions or influences. Strauss and Corbin (1998) characterise actions and interactions as strategic or routine. Strategic actions/interactions are purposeful and are planned to resolve a problem or to respond to the unanticipated. Routines are the actions/interactions taken in response to everyday life, which include rules, protocols, and ways of acting that maintain the social order. Undoubtedly, actions which occur in response to changes in context may be 'strategic' when they are 'taken in response to problematic situations', or 'routine' when they are 'carried out without much thought' (Strauss & Corbin, 1998, p. 165). Actions/interactions play a meaningful role in establishing the dynamics between individuals, groups and organisations.

Strauss and Corbin (1990) assert that the degree to which action/interaction is designed to deal with phenomena with consideration of the conditions or context determines the degree to which individuals or groups are focused on through the research.

The study discusses online service failures and service firm responses to contexts affecting strategic actions and interactions. Identifying action/interaction strategies requires us to ask questions such as the following:

*What are the action/interaction strategies adopted by the online fashion retailers in relation to service failure and recovery issues and within the casual, intervening and contextual conditions?*

Effective service recovery design has consistently employed psychological and tangible activities (Chuang *et al.*, 2012; Lewis & McCann, 2004; Miller *et al.*, 2000). Psychological activities are considered as action/interaction strategies and comprise the following properties: empathising, apologising and explanation, and tangible activities. Such actions/interactions should be part of any compensation strategy.

Psychological recovery strategies are actions that directly recover customers' psychological dissatisfaction from service failure. Examples include apologies, empathy and explanations (Davidow, 2000; Kuo & Wu, 2011; Yavas *et al.*, 2004). Psychological recovery strategies consist of two techniques which are apologies and showing empathy towards customers (Miller *et al.*, 2000). Firms usually combine



empathy and apologies in recovery situations. In this regard, Boshoff (1999, p. 239) stated, 'empathy means treating the customer in a way that shows that the service provider cares about the problem, fixing the problem, and lessening the customer's inconvenience'. Miller *et al.* (2000) believe that it is 'simple and inexpensive, the two can be a powerful remedy when used together' (p. 390). Tangible recovery strategies provide compensation for failed service, such as discount, coupon, and refund (Kuo & Wu, 2011; Fang *et al.*, 2013). In some (usually minor) service failures, psychological strategies are enough to resolve the problem. However, sometimes customers expect more than just an empathetic apology in order to be satisfied (Barr & McNeilly, 2003). These action/interaction strategies are designed as interactions between causal conditions, intervening conditions and contextual conditions. Most respondents interviewed indicated that these action/interaction strategies (psychological and tangible recovery activities) are necessary for resolving most service failures in the UK fashion industry.

### **5.8.6 Consequences**

Consequences refer to the outcome or results of actions/interactions (Strauss & Corbin, 1998). These may be intended or unintended, and primary or secondary. An unintended consequence arises when an action that is performed with the intention of producing one consequence produces a different one, which can be conflicting, negative or positive. A primary consequence is the immediate intended result of an action. A secondary consequence is the result of a primary consequence, and can be either intended or unintended. Undeniably, consequences are the larger outcomes associated with the phenomena, rather than specific outcomes for every action/interaction explored as far as the study is concerned. Thus, consequences can be identified through the following question: *Would you switch or still shop online with the online fashion retailer?* and in response to the phenomenon of customer switching behaviour.

Behavioural intentions were identified as the consequences that occur as a result of the strategies adopted and outline the effect of customer complaints, switching behaviour, satisfaction/dissatisfaction, and subsequently damaging the online fashion retailer's brand. Zeithaml, Berry, and Parasuraman (1996) described behavioural intention as 'a signal whether customer will remain with or defect from the company'

(p. 33). Such signals may be viewed as behavioural intentions and customers' willingness to demonstrate positive or negative word-of-mouth intentions to repurchase.

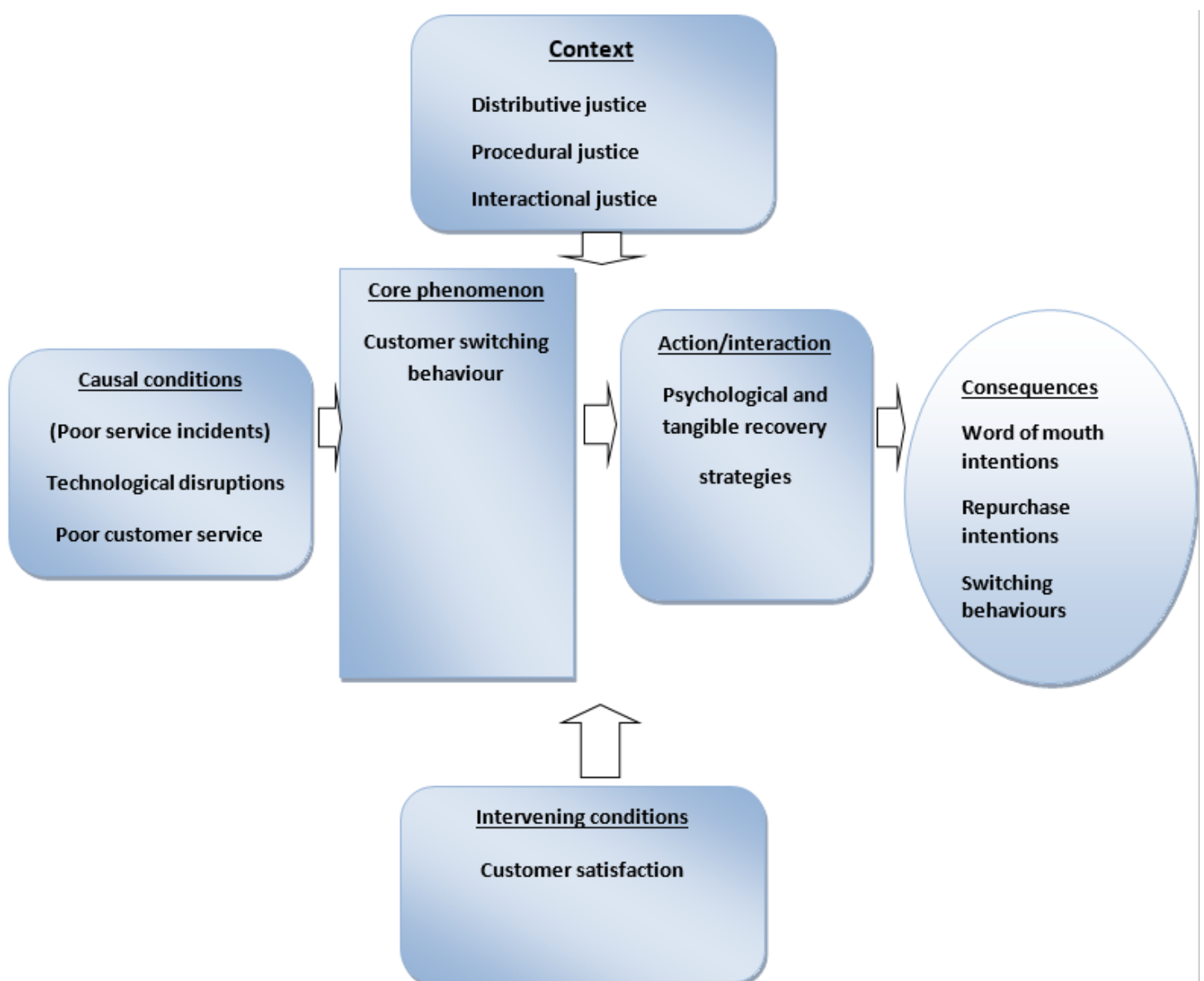
As researchers such as Kau and Loh (2006) and Knox and Van Oest (2014) note, the inevitability of errors and mistakes, whether attributable to humans or not, lends a certain degree of inevitability to service failure itself, resulting in customer dissatisfaction. This can have a serious impact on the service company, damaging the relationship between a business and its customers, leading to further negative outcomes such as customer attrition, negative WOM, and a higher number of complaints.

The interviewees pointed out that their propensity to repurchase and to provide positive WOM recommendations might increase once an unfavourable service experience was turned into a favourable one, depending on the service recovery efforts of the online fashion retailer. WOM behaviour was found to be one of the consequences of customer satisfaction/dissatisfaction. Online fashion customers who obtained favourable service recovery were willing to share positive information about their experiences, whereas those customers who obtained unfavourable recovery were more likely to spread negative information. In addition, the interviewees believed that if recovery from service failure is effective, their customer satisfaction increases and their revisit intentions will increase. However, if recovery from service failure is not executed fairly, recovery satisfaction will decrease, and ultimately, loyalty, WOM referral and revisit intentions will also decrease. These are some of the reasons for customers switching to competitor online fashion retailers. To summarise, it was found that a majority of online fashion customers interviewed were dissatisfied with the way the online retailer resolved their complaints. Subsequently, instead of complaining about service failure, the majority of dissatisfied customers chose to switch fashion retailers.

The axial coding process examined the data in detail, looking for relationships to provide a better understanding of the properties and their dimensions. It further re-explored the relationship of each phenomenon to the data, exploring the causal conditions, core phenomenon, contexts, intervening conditions, actions/interactions and lastly the associated consequences. Through this re-contextualisation process, relationships among the phenomena have emerged. Axial coding related the

phenomena to contexts and actions, and allowed a conceptual understanding of the consequences. By analysing, comparing, categorising, and synthesising the data, conceptual relationships have emerged. The interactions between these categories are presented in a coding diagram illustrated in Figure 5.8 below. Additionally, the paradigm model was used to organise and understand the data.

### **The paradigm model of service failures and recovery strategies in the UK fashion industry**



*Figure 5.8: Axial coding paradigm model*

## **5.9 Selective coding**

Selective coding was the third and concluding stage of analysis using the GT approach (Strauss & Corbin, 1990). In selective coding, categories generated during open and axial coding were integrated and refined with the goal of developing a phenomenon that gives explanatory power to the relationships among the categories. Axial coding involves integrating and refining categories (Strauss & Corbin, 1998). The process is the same as selective coding but develops a higher level of abstraction. In essence, axial coding establishes the basis for selective coding (Strauss & Corbin, 1990). In addition, selective coding illustrates how the phenomenon fits around a core category and involves a process through which emerging categories are organised and integrated around a core category accordingly (Strauss & Corbin, 1990, cited in Howell, 2013, p. 143). The process of selective coding includes identifying core categories, further integrating categories and refining theoretical schema. Integrating the eight categories is made possible with the paradigm model that functions as a process model relating action/interactional sequences. The axial coding model exposes relationships that exist amongst all categories. The process produces six major categories. After the relationships between open categories were established during the axial coding process, selective coding was considered.

## **5.10 Relationship of the core category to the axial categories**

The core, or central, category lies at the heart of the paradigm framework. The core category must be expressed with regard to consequences, action/interaction strategies, causal conditions, intervening conditions, and context. This is further explained by Howell (2013, p. 143):

Core categories incorporate central phenomena of research projects as they are identified through questions such as: what is the main analytical idea presented in this research? What does all the action/interaction seem to be about? The selection of data and the creation of other categories are processed with the core category in mind which are identified and unified through axial coding.

In an exaggerated sense, it involves all of the products of the analysis and summarises these into a few words that seem to explain what the research is all about (Strauss & Corbin, 1998).

It has been proposed that the determination of categories can be achieved through six criteria (Strauss, 1987). Firstly, the category must be central in that it is connected to all of the other main categories. Secondly, it must arise regularly in the data, with the concept indicated across most or all cases. Thirdly, data must not be manipulated for the purpose of explanation, with the relation of the categories developing the theory in a valid and logical manner. Fourthly, the language used to express the core category must be flexible enough to be applied in other contexts and settings in order to generate a broader theory. The fifth criterion is that systematic analysis should be performed through the integration of the core concept and other concepts in order to define the concept as the theory develops and becomes stronger in terms of its ability to explain phenomena. Finally, the concept must be able to capture the key insights and variances in the data. The explanation provided must remain consistent even in the case of variation in the conditions. However, there can be variance in the specific articulation of phenomena. Additionally, it should be possible to provide an explanation for cases that refute or otherwise deviate from the central concept.

Therefore, a central category has an analytical power. What gives it that power is its ability to pull the other categories together to form an explanatory whole (Strauss and Corbin, 1998). Selective coding describes the interrelationships amongst categories and explores the complexities of the relationships amongst the concepts that emerge to ensure consistency with the data (Creswell, 2013). During the process of identification and verification of relations between the emerging categories of open coding, '*Customer switching behaviour*' was identified as the core category of the paradigm model. '*Customer switching behaviour*' was found to be the category which best enables and facilitates the creation of orderly, systematic relationships (Strauss & Corbin, 1990, p. 124) to be established according to the paradigm model. Therefore, this process consisted of the reconstruction of the data into a potential substantive theory (Strauss & Corbin, 1998).

Table 5.10 displays the relationship between the open categories and the main categories based on the paradigm model.

**Table 5.10: Sub-categories and their paradigm component**

	<b>Sub-category</b>	<b>Paradigm Component</b>
<b>1</b>	<b>Customer switching behaviour</b>	<b>Phenomenon</b>
<b>2</b>	<b>Poor service incidents</b>	<b>Causal conditions</b>
<b>3</b>	<b>Service recovery evaluation</b>	<b>Context</b>
<b>4</b>	<b>Customer satisfaction</b>	<b>Intervening conditions</b>
<b>5</b>	<b>Service recovery justice</b>	<b>Action/interaction strategies</b>
<b>6</b>	<b>Behavioural intentions</b>	<b>Consequences</b>

It is suggested that diagrams have more value than identifying and organising the relationships between concepts or describing the storyline, such as when the researcher prefers visual methods or simply prefers to use diagrams (Strauss & Corbin, 1998).

Strauss and Corbin (*ibid.*) went on to set out the advantages of diagramming, which include some of the following:

1. Integrative diagrams should highlight concepts related to a core category and do not need to represent all identified concepts. These diagrams are also able to represent data in a largely abstract way.
2. Integrative diagrams should flow, with the logic apparent without a lot of explanation and they must not be too complicated. The details should be left to the writing as discussed above.

The next stage in the process of selective coding allowed for the other categories to be related to the core category. The process demands that each category be evaluated individually in relation to the core category, specifically '*Customer switching behaviour*'. To illustrate the process, questions were used to determine where each category fits in the paradigm model. A category can be linked to any of the components of the paradigm model. However, this was facilitated by asking a critical question to ascertain where the specific category fits best in the paradigm model. For example: 'Is it an intervening or a causal condition? Is the category action oriented or does it apply to the context?' Asking additional questions was helpful to establish these relationships. The core category was selected and steadily related to the main categories which stand for sub-categories. The relationship between the core category

and the sub-categories, namely: *Customer switching behaviour, poor service incidents, service recovery justice, customer satisfaction and behavioural intentions* were verified using the views and opinions of participants from the semi-structured interviews and survey questionnaires. Through the application of the paradigm model, the core category is linked with the other sub-categories.

### **5.10.1 Causal conditions**

Service failure is also a main driving factor behind customer switching behaviour (McCollough *et al.*, 2000; Knox & Van Oest, 2014). This is particularly pertinent to online services, due to the relative ease of switching over to another service provider. As a result, online services and online fashion retailers should concentrate on preventing failures from happening in the first place, as well as identifying and recovering from failures that do occur. Service failures are divided into core service failures including mistakes, billing errors, and service catastrophes, as well as service encounter failures related to uncaring, impolite, unresponsive, or unknowledgeable encounters (Keaveney, 1995). Numerous researchers have indeed confirmed that there two types of service failures: outcome and process. The outcome type of failure occurs when the service firm fails to satisfy customer demands or offers incomplete core services, whereas the process type of failure involves the defective delivery of a core service in which consumers perceive poor service attitudes and procedures (Smith *at al.*, 1999; Smith & Bolton, 2002; Chuang *et al.*, 2012; Zhu *et al.*, 2004).

Technology disruptions, such as failures to deliver core services, are the major events occurring in the online fashion retailing sector that threaten customer switching decisions. Participants from the semi-structured interviews and questionnaires confirmed that they experienced online service failures caused by malfunctions with the website, resulting in a negative experience. This includes a wide range of technology failures, including inaccurate billing problems, delivery delays, packaging problems, confusing information, slow service, service disruptions and delays, inadequate resolutions and uncaring, unhelpful employees with poor attitudes. These experiences caused dissatisfaction resulting in switching behaviour. For example, in April 2017 British Airways passengers experienced disruption as the airline's website crashed leaving thousands of travellers unable to check-in online. Travellers at British airports flooded the company's Facebook and Twitter accounts with complaints that flights were grounded, and online services were unavailable. In the same vein, flights

from the UK's top 25 airports were delayed by an average of 21 minutes in 2016, and the worst-affected route was Heathrow to Accra in Ghana, where 85 of the 122 flights were held back.

Additionally, the Royal Bank of Scotland (RBS) suffered a major service failure in June 2012. A technical failure disrupted banking services for millions of NatWest and Ulster Bank customers. It was 'on a scale and for longer than has ever happened at any British bank since they went computerised' (Peston, 2012). Customers filed a wealth of complaints online (e.g. 'Thank you [...] my 21st birthday is ruined', on website of Bankfellows.com). In the retail sector, a technical fault led to a number of Aldi customers being charged twice for purchases in August 2017, with many shoppers complaining on social media (BBC News, 2017).

### **5.10.2 Contextual conditions**

A justice theory framework has gained popularity in explaining how customers evaluate service provider reactions to service failure/recovery. In every exchange that takes place, people weigh up the inputs (including the costs associated with service failure such as economic, time, energy, and psychic costs) against the outcomes (including the specific recovery tactic such as cash refunds, apologies, replacements, the manner of the personnel, the service policies developed to handle such situations, and the image associated with responsive organisations. These were compared with others in similar situations.) In instances of equal balance between these, the exchange was considered 'fair', but if the outcomes did not meet with the person's expectations, then this resulted in inequity. Building upon the foundations of equity theory (Adams, 1965), recent evidence in services literature suggests that customers involved in service failures form perceptions of justice based on several factors. These include the perceived fairness of the service recovery outcomes (distributive justice), the perceived fairness of the procedures (procedural justice), and the perceived fairness of the manner in which they were treated (interactional justice) (Choi & Choi, 2014; del Rio-Lanza *et al.*, 2009; de Matos *et al.*, 2012). For customers, the overall notion of fairness, or justice, is largely based on what they feel they deserve in comparison to their input. Indeed, the participants interviewed agreed that there were specific outcomes produced by distributive justice which online fashion retailers undertook to recover service. These included monetary rewards such as refunds for failed service, discounts and coupons. However, the compensation received did not



match the level of their dissatisfaction and they were not given a choice about what compensation would be appropriate.

Indeed, many participants interviewed believed that the procedural justice they had encountered was not sufficient because they perceived the process to be slow, prolonged and inconvenient. These customers felt that it should have been easier to receive a fair settlement. Additionally, they felt that it was unfair that they had to prove an injustice had taken place. Interactional fairness, in its own right, taps the manner in which the consumer is treated in terms of respect and politeness. Without a doubt, most participants interviewed believe that the employees they encountered exhibited a lack of concern, courtesy, compassion and empathy and paid insufficient attention to the problems they had been presented with. Few employees took the time to explain why the situation had occurred during the service recovery process and this led some to consider switching. From the above explanations and evidence from the data gathered, the three components of perceived justice must be taken into consideration when formulating effective recovery strategies. Deploying recovery efforts that satisfy distributive justice without consideration of customer procedural and interactional justice needs may still result in customer defections.

### **5.10.3 Intervening conditions**

Customer satisfaction including loyalty alters or mitigates the impact of causal conditions on the phenomenon of customer switching in the UK fashion industry. From the data gathered it seems that online fashion customers who experience service failures, but are eventually satisfied based on recovery efforts by the service firm, will be more loyal than those whose problems are not solved. The outcomes must be perceived to be fair or just by the customers in order for them to be satisfied with the service recovery. This argument is based on the premise that customer satisfaction ensures repurchase intention and positive WOM communication (Bearden & Teel, 1983; Orsingher *et al.*, 2010).

Customer satisfaction is defined by Oliver (1980, p. 463) as occurring 'when consumers receive service that is better than expected'. In today's environment, customer satisfaction is critical for the success and steadiness of online fashion retailers. An earlier study by Timm (2001) has identified several strategies for building customer loyalty. One of these is to recover dissatisfied customers. When recovering

a dissatisfied customer, dissatisfaction is replaced with satisfaction; a concept closely associated with loyalty (Rashid, 2014; Söderlund, 2001).

The semi-structured interviews and questionnaires conducted with online fashion customers revealed that, generally, they were not satisfied or delighted with the outcomes of a service failure. This implies that the service recovery efforts they encountered were not sufficient to convert dissatisfaction into satisfaction. It provides evidence of the need for online fashion retailers to increase the quality of their services to meet with their customers' expectations. This indicates that dissatisfaction with service processes and staff attitudes can contribute to a rise in customers switching to other service providers. This also increases complaints and motivates customers to share negative experiences with others.

#### **5.10.4 Action/interaction strategies**

Action/interaction strategies include psychological service recovery of the type that directly recovers psychological dissatisfaction from service failure. Examples include an apology and explanation and some form of tangible service recovery. As Choi and Choi (2014) and Miller *et al.* (2000) note, in many cases, this is provided as compensation (for instance, refunds, vouchers or discount codes) with the aim of making up for the losses and inconveniences incurred by the customer as a result of service failure.

Data from the semi-structured interviews and questionnaires indicated that positive feedback is one outcome of such service recovery strategies that aim to restore customer satisfaction. These recovery strategies are also used to minimise the negative impact of online service failures and the phenomenon of customer switching behaviour.

#### **5.10.5 Consequences**

Behavioural intentions are the result of the action/interaction strategies. The study suggests that service failures can mitigate negative consequences through effective recovery strategies. Therefore, implementing action/interaction strategies results in a stronger likelihood of customer repurchase intentions. Such strategies reduce complaint behaviour and increase the likelihood of positive WOM behaviours. Positive behavioural intentions further minimise the influence of customer switching behaviours

in the UK fashion industry during poor service incidents. Participants believe that greater customer satisfaction will also motivate them to make a positive recommendation to families, friends, co-workers, and others. This can influence other possible customers to purchase.

The development of the paradigm model was a repetitive process whereby the relationship of each category and its fit within the paradigm model were verified through recurring systematic analysis. Construct validity, as well as relationship validity of the paradigm model were organised in the process of generating and testing propositions. To Howell (2013), propositions point towards generalised relationships between categories and concepts, and between discrete categories. Howell (2000) also distinguishes between propositions that involve conceptual relationships and hypotheses that *require measured relationships*. Strauss and Corbin (1998, p. 135) describe 'hypotheses' as '*hunches about how concepts relate*'. Hypotheses about related concepts, that is, about concepts that are related, explain the what, why, where and how of particular phenomena (Strauss & Corbin, 1998, p. 135). The development of propositions is a repetitive process intended to validate relationships among categories that were integrated into the paradigm model. Substantive grounded theory was developed during the selective coding process. Through the constant comparison of semi-structured interviews and survey questionnaires, theoretical propositions were generated, refined and validated to describe the interrelationship among categories (Strauss & Corbin, 1998). These propositions may also be referred to as the '*generalised relationships*' of the paradigm model in the development of the initial framework with storyline. The following are the propositions:

1. The impact of poor service incidents on customer switching behaviour in the UK fashion industry depends on the context of service recovery strategies and customer satisfaction. The service recovery strategies include intangible and tangible recovery strategies.
2. Customer satisfaction mitigates the impact of customer switching behaviour in the UK fashion industry. This occurs through the mediating role of justice dimensions.
3. Strategies include psychological and tangible activities in response to poor service incidents. This is achieved through explanations about service failure, apologising and compensation (e.g. full or half refunds, free service upgrades

and coupons). The strategies aim to resolve customer complaints and to positively impact on service recovery satisfaction.

4. The consequences of the strategies lead to customer repurchase intentions and positive WOM. This further minimises the influence of customer switching behaviour in the UK fashion industry during poor service incidents.

These propositions were produced using data from semi-structured interviews and survey questionnaires and they link concepts and categories together, including the core category of the paradigm model. They direct how the categories develop through open coding, and are related to the key phenomenon of 'customer switching behaviour'. One of the propositions developed from the semi-structured interviews and survey data signifies that the impact of customer switching behaviour in the UK fashion industry depends on the context of the service recovery strategy and customer satisfaction. This suggests that customer switching behaviour can have a significant impact on the fashion retailer's market share in an industry characterised by fierce competition. This depends on the levels of customer satisfaction and loyalty that exist.

The set of propositions that describes relationships between categories guides how categories relate to components of the paradigm model. This needs to be interpreted in terms of the set of propositions of the paradigm model in the research study. Therefore, these relationships impact on the interpretation of relationships between categories guided by and inductively derived from the propositions of the paradigm model. The paradigm model and set of propositions developed enable the core category, '*customer switching behaviour*' to be interpreted as follows.

The switching behaviour of customers of fashion retailers in the UK is driven by a key influencing condition in the form of failures associated with the company's main services, and/or in the form of failures directly caused by employees during service delivery.

The activities that will improve customer switching are influenced and conditioned by factors such as customer satisfaction and perceived justice dimensions. Due to these intervening conditions and strategies, separately or together, activities such as negative experiences with fashion retail websites, and difficulty in communicating with customer service representatives, will not be successful where 'customer switching behaviour' is mitigated. As a consequence, 'behavioural intentions', such as

repurchase intentions and positive WOM are sustained. The narrative explanation of the paradigm model, consisting of eight categories, formed the basis for developing the preliminary framework around the phenomenon of online service failures and recovery strategies in the UK fashion industry.

## **5.11 Conclusion**

This final part of the chapter presented the axial and selective GT coding procedure. The detailed body of data generated a number of concepts, which were grouped into categories. The data from the interviews and questionnaire were de-contextualized and analysed in relation to the phenomena that had emerged. The interrelationships between the open categories were established. The axial coding process established the interrelationships among the phenomena and illustrated the characteristics of each phenomenon using the paradigm model. The axial coding process identified six main categories, specifically: customer switching behaviour, poor service incidents, service recovery evaluation, customer satisfaction, service recovery justice, and behavioural intentions. The application of the paradigm model exposes the open categories and their properties under the core phenomenon. It identifies causal conditions, context, action/interaction strategies and also sheds light on some of the associated consequences.

Selective coding, which Strauss and Corbin (1990b) define as the selection of a core category and process of connecting this core category with other categories, is performed after open and axial coding have been completed. Selective coding therefore brings together the key points from the data.

Additionally, selective coding illustrates how the phenomenon fits around a core category and involves the process by which emerging categories are organised and unified around a core category, according to Strauss and Corbin (1990, cited in Howell, 2013, p. 143). Customer switching behaviour was identified as the core category. The next chapter presents the synthesis that brought meaning to the results through the development of substantive GT. It relates the ideas evident in the phenomena around a core category that brings credibility to the explanation.

## **CHAPTER SIX**

### **CONCLUSION AND RECOMMENDATIONS**

#### **6.1 Introduction**

This thesis has investigated customer evaluations of online service failures and recovery strategies in the United Kingdom fashion industry based on unique data captured from online fashion customers in the United Kingdom. The specific context has been inevitable technology service failures and poor customer service staff issues. It identified the nature of the factors that influence customer switching behaviour, based on empirical data gathered from the perspectives of online fashion shoppers in the United Kingdom. This chapter brings the study to a close by considering the conclusion and by summarising the substantive theory and reflecting over the managerial implications. It also discusses future research directions. Data for this research were collected across two main stages, taking in semi-structured interviews and survey questionnaires. The study also employed a combination of social constructivism/phenomenology approaches to enquiry using grounded theory as a methodology. The study further adopted the grounded theory method of open, axial and selective coding in the development of substantive theory to improve understandings about service failures and recovery strategies in the UK fashion industry. The formulation of the substantive theory is related to the formal theories.

#### **6.2 Building a substantive grounded theory**

The study has achieved its objective of constructing a substantive theory of online service failures and recovery strategies currently employed in the UK fashion industry. The study employed the well-known grounded theory techniques of simultaneous data collection and analysis to develop a substantive theory of service failures and recovery strategies. Data collection and analysis on the various types of service failures experienced and recovery strategies employed from the perspective of online shoppers were analysed using the grounded coding process of open, axial and selective coding. Eight (8) open categories emerged through the open coding of 30 semi-structured interviews and 36 survey questionnaires, including: *technological issues, issues of remote service deliveries, service encounter failures, customers'*

*perception of fairness, tangible recovery strategies, intangible recovery strategies, customer satisfaction and behavioural intentions*. The open coding develops categories in terms of their properties and dimensions. This is immediately followed by the axial coding process. During the axial coding stage, the open categories along with their properties and dimensions are related to form a coherent overall system (Howell, 2000). Through the application of the paradigm model, the eight open categories were subsumed into six main categories comprising: *poor service incidents, customer switching behaviour, service recovery evaluation, customer satisfaction, service recovery justice and behavioural intentions*. These represented the causal conditions, core phenomenon, context, intervening conditions, action/interaction strategies and consequences. The output of the axial coding formed the basis of selective coding.

As Strauss and Corbin (1990) explain, selective coding entails the selection of the core category before connecting the core category to other categories. These connections are then validated, with under-developed categories then addressed.

During the analysis, induction and deduction go hand-in-hand. The processes of theory building, data collection and analysis are used throughout to continually question the theory using data collection and analysis. The verification of relationships between customer switching behaviour and the other sub-categories forms the basis of the substantive theory development. Substantive grounded theory was built through coding categorisations and the use of the coding model. The basis of the substantive theory related to the identification of the types of recovery strategies practised, and what phenomena were present. They explained how these were related, and discussed the effect they had on online service failures and recovery strategies. Accordingly, customer switching behaviour in the online UK fashion industry represents the core category, with poor service incidents (such as technological disruptions and poor customer service issues) identified as causal conditions. Service recovery evaluation was seen as the context and customer satisfaction as an intervening condition. Service recovery justice was identified as an action/interactional strategy and behavioural intentions were identified as the ultimate consequences. Following previous discussions, the substantive grounded theory itself may be summarised in the following way:

- Service failure is reflective of either an outcome failure or process failure, with the former relating to core service failures, indicating the company's failure to deliver its fundamental services; and the latter relating to failures directly caused by employees' actions during service delivery.
- While outcome service failures affect the economic resources of consumers, process service failures affect their social resources. Subsequently, if effective recovery systems are not designed properly they can cause dissatisfied customers to switch to an alternative online fashion retailer.
- The debate around what constitutes a good recovery strategy has focused on the role of perceived justice in attempts to understand the effectiveness of such strategies. Underpinning this is the assertion that customer satisfaction is achieved when customers perceive service recovery to be fair, resulting in high levels of perceived justice following service failure. Perceived justice influences customers' assessment of service recovery and is comprised of distributive, procedural and interactional justice. Distributive justice refers to forms of compensation, such as free gifts, refunds, vouchers, discount codes, and so on, with the aim of making up for the injustice experienced by customers as a result of service failure. Procedural justice refers to the perceived fairness of the service recovery outcome. Interactional justice refers to the way in which a company and its employees treat customers during service recovery (for instance, whether the customer's complaint is handled rudely and curtly, or politely and with understanding).
- Customer satisfaction is the subjectivity of an individual and describes perceptions about the extent to which a favourable outcome of any evaluation of experience is formed. This rests within the context of purchasing and consuming a particular product or service. In accordance with expectancy disconfirmation theory, it is asserted that customer satisfaction is determined based on the difference between customers' expectations and experience of disconfirmation during service delivery. Negative disconfirmation occurs when customers' expectations are unfulfilled by the retailer. This results in an assessment of the cost/benefits involved in being a customer of the company and of engaging in word-of-mouth communication, based on the level of satisfaction/dissatisfaction with service failure and recovery. They question



whether they should remain loyal to the company. Online fashion retailers therefore attempt to restore customer satisfaction by eliminating perceived inequality by means of service recovery.

- Customer loyalty has been found to increase when complaints and service delivery failures are handled effectively, with loyalty decreasing when service failures result in customer dissatisfaction.
- Based on the above explanations and evidence gathered from the data, it was found that most customers were dissatisfied with the way that online fashion retailers resolved complaints. It was also noted that efficient and reliable efforts of online fashion retailers for handling customer complaints resulted in positive word-of-mouth recommendations and repeat purchases. Conversely, negative WOM regarding fashion retailers can arise if complaints are not handled effectively. In addition, negative service outcomes can also motivate customers to influence the decisions of prospective customers. In this way, WOM can be either positive or negative.
- The substantive theory developed would suggest that the consequences of implementing these service recovery justice strategies could enable online fashion retailers to withstand technological disruptions in a competitive service environment, and lead to positive WOM and repurchase intentions amongst consumers. This further mitigates customer switching behaviours during poor service incidents in the fashion Industry.

### **6.3 Relationship between formal theories and substantive theories**

A theory is an interrelated set of concepts and propositions, organised into a deductive system to explain relationships about certain aspects of the world. Corbin and Strauss (1990) define this as a collection of robust concepts that are connected through the articulation of relationships that serve as the components within an integrated predictive or explanatory model. Undeniably, a theory signifies a statement of relationships between units observed or approximated in the empirical world. These statements indicate the importance of relationship-building in explaining how and why specific phenomena will occur. To this end, the explanatory power of a theory can be categorised into four levels of abstraction, specifically: formal theory, grand theory, meso theory and substantive theory (Howell, 2004, p. 374).

Strauss and Corbin (1990) describe a formal theory as more general and as something that deals with a conceptual area of inquiry which may be linked to a range of substantive areas. A formal theory has explanatory power across a range of situations. Substantive theory offers powerful explanations for a specific topic. It includes details from specific settings, processes, or events. Nonetheless, it may be difficult to generalise across topic areas. Substantive theory offers much value in the case of continuous events, with its concepts also typically less broad and abstract in nature compared to those of formal theory.

The strength of formal theory is its ability to link across numerous topic areas and advance general knowledge. The main limitation of formal theory is that it must be modified to determine its applicability to a specific event, as it is less grounded in specific social contexts and issues. Much of the value of formal theory lies in its ability to identify and explain common characteristics between various topics.

They are more abstract, making them more complex and easier to express in a purely logical, analytic form. In this research, the application of perceived justice theory is considered as a formal theory, which helps to explain customer evaluations of service failure and recovery strategies. Conversely, expectancy disconfirmation theory could also be called meso theory or middle range theory.

Adams (1963) states that in every exchange that takes place, people weigh the inputs (together with the costs associated with service failure such as economic, time and energy) against the outcomes (including the specific recovery tactic such as cash refund, apology, the manner of personnel, the service policies developed to handle such situations, and the image associated with responsive organisations) and compare them with those of others in similar situations. In the event that there is an equal balance between these, the exchange is considered to be 'fair', but if the outcomes do not meet with the person's expectations, then this results in inequity.

Based on the expectancy disconfirmation theory (Oliver, 1980), individuals have expectations towards certain services before using them. After having used the service, satisfaction or dissatisfaction will occur by evaluating the comparison of the actual performance of the service and prior expectations. Simply put, there emerges a discrepancy between the expected and experienced. Satisfaction occurs when actual performance is better than expected. Conversely, dissatisfaction occurs when actual

performance is less than expected. Perceived justice theory, as expounded above, can be applied across all areas of business organisations. Such an idea is therefore relevant to explain customer perceptions of satisfaction with service recovery. For this reason, formal theory is usually regarded as the end product of longitudinal research where data are collected from a range of situations and locations. Adams' theory addresses essential issues about equity in the discipline of management and marketing, and is useful in explaining and predicting the relationship between equity perception and customer satisfaction. This theory strikes a fine balance between simplicity and complexity, contributing to its usefulness.

An analysis of both theories in relation to service failure and recovery provides the background for applying GT to the data collected for this thesis. Through the application of the theoretical coding processes, a substantive theory for correcting service failures and recovery strategies considered effective from the customer's perspective was developed. The substantive theory therefore reflects the opinions of online fashion customers in the UK.

## 6.4 Contributions to knowledge

This study has made a number of contributions which rest within its empirical and practical context and these are summarised next in **table 6.1**. As indicated in section 4 of Chapter 1, a gap in the body of knowledge regarding limited research on customer evaluations of service failures and recovery strategies in the UK fashion industry was established.

Table 6.1 main contributions of the thesis

Firstly, the analysis undertaken in this study addresses this important gap and highlights the importance of understanding service recovery from the customer's perspective rather than providing a standard 'one size fits all' recovery solution or one that suits online fashion retailers, but not necessarily the customer if online fashion retailers are to increase the likelihood of repurchase intentions, word-of mouth behaviour and ultimately recovery satisfaction.

Choi and Choi *et al.* (2014) extend the traditional three-dimensional model and indicate that procedural and interactional justice perceptions significantly influence customer affections, with distributive justice perceptions being significant only if the severity level is high. Customer affection greatly influences WOM both directly and indirectly via customer loyalty. The findings imply that service recovery efforts should be viewed as a strategy to build a long-term relationship with customers, rather than just short-term solutions to temporarily ease customer dissatisfaction.

Chang (2008) and Kolesar and Galbraith (2000) note that service failure recovery is especially challenging for online retailers due to the impersonal nature and lack of human assistance in the e-

service environment. This results in a higher likelihood of negative emotions being experienced by customers in the event of failure. In the online fashion industry, with no physical presence of service providers, human interactions are minimal and service recovery strategies are more challenging. Consequently, research of this nature is critically important to bridge the gap in literature. To provide an understanding of the underlying factors that cause customer switching behaviour in the UK fashion industry, and to interpret this based on a more suitable framework, the thesis adopted a GTM to build a substantive theory of customer perspectives of online service failures and recovery strategies considered effective for correcting these failures.

The three dimensional-model extended by Choi and Choi *et al.* (2014) was adapted and a conceptual framework was advanced for this study to support some key behavioural outcomes including willingness to complain, switching, tangible and psychological recovery efforts, outcome and process service failures and other perceived justice dimensions, such as procedural and interactional justice in evaluating online service failure and recovery strategies in the UK fashion industry. This is in contrast to the original model which was designed for businesses in general, and which highlights the role of customer affection and its relationship with other constructs such as customer justice perception and word-of-mouth in the context of service failure for successful service recovery. However, their explanations are limited to service recovery using traditional approaches or channels.

Another contribution is that the present study advances research in the area of service failure and recovery management by adopting the developing perceived justice framework extensively and by providing empirical evidence that the use of technology-mediated interactions with service employees, like engaging in virtual live chatting conversations, emails, instant messaging and WhatsApp messaging, means an effective online recovery strategy which addresses the customer's need for self-esteem. This finding is consistent with results of previous studies suggesting that recovery satisfaction increases when higher levels of interactional justice are experienced (Singh & Crisafulli, 2016). The findings from this study indicate that justice theory can apply to service recovery strategies conveyed by technology-mediated communication. They suggest that customers can perceive differences in effort and empathy of service recovery efforts (even when those efforts are virtual), and that those differences in recovery types can impact on satisfaction, WOM and repurchase intentions. Service firms should use such technological advancements to their advantage to decrease the risks associated with service failures.

The above findings suggest that the way a company's website is designed impacts on customer responses to unsatisfactory online service encounters. Additionally, the findings provide support to evidence (in an offline context) that customers can actively participate in offline service recovery encounters and can become co-creators of online service recovery (e.g. Dong *et al.*, 2008; Roggeveen *et al.*, 2012; Heidenreich *et al.*, 2015). As a result, these co-created employee-customer interactions form a rich source of information about the recovery process itself. If customers often demand recoveries that fall outside of the service recovery system's guidelines, these insights might be used to refine the recovery system. Research into online service recovery management should therefore take into consideration the roles of website design and customer participation in the delivery of service recovery.

Lastly, to the best of my knowledge, there are no previous studies on customer evaluations of online service failures and recovery strategies using the GTM. Hence, this study is possibly the first attempt to combine service failure and service recovery literature as well as perceived justice theory and GT to study customer evaluations of online service failures and perceptions of what constitutes a fair

service recovery from the customer's perspective. Thus, the study provides a new approach to better understand service failures and service recovery.

The results of this study have several implications for management which are highlighted in Table 6.2

Table 6.2 Implication of research findings

### **Virtual product experience**

The study provides valuable insights into the concept of service failure and recovery in the UK fashion industry. It is clear that far too many failures occur in the first place, and too many poor recoveries follow. It is important for online fashion retailing managers to uncover the reasons for these failures and poor recovery by carefully tracking the causes of these incidents. The results of the semi-structured interviews and survey questionnaire data analysis revealed that significant service failures experienced in the UK online fashion industry were website system failures, security/privacy problems, customer service problems, order fulfilment and delivery problems and payment/product quality problems. For instance, in terms of website design, new technologies, like virtual product experience technology, can enable potential customers to experience online products virtually, allowing consumers to better understand and evaluate experiential goods (Jiang & Benbasat, 2004).

### **Implementing technology**

Based on the data analysis, the study also provides evidence that online fashion retailer recovery activities involve both psychological recovery strategies (e.g. apology, explanation of the reason for the fault, impartial treatment, and improving communication skills) and tangible compensation as part of a fully-fledged service recovery effort. Considering core and process service failures, getting it right the first time optimises value for both the customer and the service firm. The findings of the study also suggest that, given the relatively high propensity of online fashion buyers to switch, regardless of the recovery strategy employed, online fashion retailers should place greater emphasis on eliminating failures from occurring in the first place. The online fashion retailing environment is often a catalyst for switching because, in many cases, a better alternative is only a mouse-click away. One of the keys to minimising occurrences is to implement technology and equip employees with the information and tools necessary to engage in successful recovery strategies.

**The likelihood of a service paradox is very low**

The findings of the current study indicate that the phenomenon of the service recovery paradox does not exist in the context of online retailing in the fashion industry in terms of customer satisfaction, WOM, and repurchase intentions. This finding implies that when a service failure occurs in the fashion industry, any type of service recovery measure can lead to a poorer result with respect to customer satisfaction, WOM, and repurchase intentions than if the failure had not occurred. Therefore, online fashion retailers should underscore prevention as opposed to cures in terms of the management of online fashion retailing service failures and recovery. They should rely on recovery efforts alone to remedy service failures.

**Encouraging customer complaints**

Further, given that online fashion retailing service failures are inevitable, online fashion retailers should encourage dissatisfied customers who experience service failures to file complaints through convenient customer support mechanisms. Customer reactions to a retailer's service failure may include filing complaints, filing no complaint but switching to another retailer, or spreading negative WOM to others via online social communities such as Facebook and Twitter. As such, online fashion retailers who do not receive a record of customer complaints will experience greater difficulty in recovering from their service failure and in fixing the customer relationship. In addition, if an online fashion retailer is not informed of customer complaints, they are unlikely to adopt any service recovery measures. In turn, they will lose the opportunity to satisfy the customer, prevent negative WOM, and increase repurchase intentions. Moreover, it is important to monitor social media and respond to customer complaints with appropriate web-based interventions. As a first step, online fashion retailers should devote appropriate human and financial resources to carefully monitor and track the social media platforms for customer complaints. They can invest in various monitoring tools such as social media and TweetReach to track customer complaints on social media.

**Staff training**

There were instances where the customer service representatives responded satisfactorily, but other times the response to a similar type of query from another customer was less helpful. There were also instances when the customer representatives openly addressed a query, whereas another similar type of query was directed to another member of staff and so on, only to get supervisory approval before a monetary recovery could be made. This led to time spent and possibly additional aggravation on the part of the customer. It may be better to have in place a boundary point (e.g. a maximum amount an employee can compensate) with flexibility to extend beyond that amount with

supervisory approval. These examples highlight issues with training and the empowerment of staff as poor training can mean poor customer service. Given these points, customer service staff should be trained to respond with a strategy and solution that is appropriate for the specific nature of the complaint in question. Managers must encourage staff to resolve issues effectively, and this must be supported by relevant policies and guidelines outlining how employees can do so. Frontline employees should be empowered to make discretionary decisions and correct any deviations from established service quality standards in a fast and responsive fashion. Managers need to coach their employees and to provide proper training and learning opportunities to ensure that their employees make better decisions in the future. A sufficient number of employees must also be available to attend to unexpected problems. Cross-training of staff would allow for movement of staff between tasks as the need arises.

### **Empower employees**

Empowered employees tend to be satisfied employees, and increasing job satisfaction among service personnel has the potential of generating higher customer satisfaction with the service. This can elicit repeat purchases by current customers, and positive WOM communications to potential customers.

### **Performance measurement, evaluation and reward**

Managers and senior level management should put evaluation and reward systems into practice to ensure good performance is monitored and rewarded (e.g. with cash bonuses or free tickets).

### **Designing and implementing effective recovery strategies**

The results of this study also suggest that online fashion retailers should formulate appropriate recovery strategies that meet the real needs of customers, and employ these strategies to effectively address failures experienced by customers. This can be achieved by identifying different types of service failures and categorising them into broad categories. At this point, suitable recovery efforts can be offered to overcome the negative experiences related to service failure. According to the findings of the present study, choosing the right type of recovery strategy can mitigate the undesirable effects of failure severity in predicting recovery strategy.

### **Developing effective strategies to prevent customer switching**

Keaveney (1995) finds core service failures account for the majority of service switches, and such failures were mentioned by 44 per cent of respondents. The prevention of customer switching behaviour is crucial for online fashion retailers. According to the findings presented herein, choosing the correct type of service recovery can help to prevent such behaviour, even if the character of service failures is unpredictable. By understanding outcome and process-related failures and the difference

between them, the managers of fashion retailers can better judge the types of service failure that have occurred and, accordingly, be better positioned to make up for the losses perceived by customers

### **Combination of tangible and psychological activities**

The results of these semi-structured interviews and survey questionnaire data also suggest that the combination of tangible and psychological activities has a positive effect on service recovery success, as opposed to no recovery effort. In other words, service recovery matters. The study therefore supports Miller *et al.* (2000), who described the significant effect that the combination of psychological and tangible efforts has on recovery success. Managers should recognise that both aspects of service recovery are important and necessary for successful service recovery.

### **Perceived justice**

The findings of this study also indicate that online fashion retailers need to pay attention to the three perceived dimensions of fairness when dealing with service failures as the dimensions significantly influence customer satisfaction, WOM and repurchase intentions. It is argued that if a person's own ratio of outcome to input is unequal, then feelings of remorse, anger, or guilt may occur (Adams, 1965). Therefore, online fashion retailers should design service recovery systems that are well balanced in terms of outcome (i.e. offering discounts, refunds and compensations) and process (i.e. sincere apology, clear explanation, showing empathy and politeness), as both aspects are needed for successful service recovery. Employee training programmes should focus on the importance of the interactional dimensions of fairness on customer satisfaction. In other words, frontline employees need to be trained to perfectly conceptualise customer expectations and have the right to make recovery decisions and to handle customer complaints swiftly. Otherwise they must be empowered to offer effective tangible compensation in case of a delay. Regardless of the recovery speed, customers should be treated with courtesy, dignity and respect so as to prevent the spread of negative WOM comments. In addition, online fashion retailers should provide appropriate explanations and recovery measures for the service failure to enhance post-recovery satisfaction.

### **Technology mediated interactions**

Furthermore, the large effect of interactional justice on customers' post-recovery satisfaction highlights the need for service managers to allocate resources towards carefully designing technology-mediated forms of communication. The commitment to writing bespoke recovery strategies, rather than applying standardised emails that communicate politeness, concern and empathy to customers, and training customer services staff on live chat to deliver interactional justice will ensure that customers are satisfied with online service recovery.



### **Improve post recovery satisfaction**

The present study establishes the efficacy of the justice framework in understanding customer responses to online service failures followed by online service recovery. Perceived fairness towards online service recovery is shown to foster satisfaction and, in turn, loyal behaviour. In particular, interactional justice conveyed by technology-mediated communication influences customer satisfaction with online service recovery.

Managerially, this study will benefit practitioners in many ways. Moreover, it explains which recovery strategy or combination of recovery strategies for different kinds of service failure are most effective to prevent customers from switching. In addition, employees will be aware of the aspects that should be taken into consideration in recovering from service failure. Employees may offer fair compensation (distributive justice), hassle-free procedures (procedural justice), and effective communication (interactional justice) to online fashion customers in the event of service failure. This will mean that fewer dissatisfied customers switch to another online fashion retailer, and customers will appreciate all proactive actions taken to recover the service. As a result, customers can be returned to a state of satisfaction and they will share positive WOM with others. Therefore, it is crucial to avoid underestimating the power of service recovery as poor service recovery may lead to double deviation, while effective recoveries will enhance customer perceptions of satisfaction, purchase intentions, and positive WOM publicity.

Finally, the evidence presented herein of the difficulty in recovering from a service failure highlights the importance of attempting to prevent such failures from occurring.

## **6.5 Limitations and future research directions**

In spite of its contributions, this study like all other studies suffers from various limitations that restrict the generalisation of the findings and open up directions for future research. First, since this study only focuses on one service industry (the UK fashion industry) and in a specific country, the findings cannot be generalised to other service industries, and more recovery options must be considered to ensure that the results are robust. Therefore, future research can replicate this study in other service sectors and different countries to broaden understanding of the phenomenon. This is because customer reactions to service failure and recovery might differ due to the level of involvement in a particular service. For example, failure in medical service received would be expected to have greater effect on customer satisfaction.

A further limitation was the use of the purposive sampling technique as well as the sample size of 66 respondents which was small. With greater numbers, more certainty could be attached to the findings. As a result, the sample does not mirror the UK shopping population as a whole. While the research model was limited to the investigated constructs, future research could measure other relevant constructs, such as trust and commitment, along with satisfaction. Prior research pinpoints the significance of trust in encouraging customers to revisit websites and to repurchase from the same online service provider (e.g. Ribbink *et al.*, 2004).

Another limitation lies in the retrospective nature of the interview procedure and survey questionnaire data. Although this procedure may have more ecological validity than using a hypothetical scenario (Weiner, 2000), it is not free of limitations. The respondents had to recall a negative service encounter that they had recently experienced and then answer questions concerning their perceptions. Although this helped collect a sample of service encounters with real failures, problems associated with memory lapses, rationalisation tendencies or consistency factors could have biased the results (Smith *et al.*, 1999), leading to a stronger emphasis on service recovery failures by firms than may generally be true. Thus, other alternative techniques may be used in future research in order to complement the results obtained here.

Justice theories were used in this study to evaluate issues of service recovery. The results show that such theories are related to service situations and offer abundant insight into the outcome of customer satisfaction and future intentions.

The present study has shed light on various aspects of service failure and recovery as experienced by online fashion customers in the UK fashion industry. Further, the research has considered service failure and recovery only from the perspective of online fashion customers. However, the substantive theory was successful in explaining the types of service failure and recovery strategies considered effective and valued from the perspectives of online fashion customers. To a greater degree, the study could be extended in new directions in terms of the data collection process. For instance, a promising avenue for future research would be to investigate the perspectives of online fashion retailer managers. They could be asked which service failures they feel are most commonly experienced by various fashion customers. They could be asked about their perceptions of customer views

of the magnitude of different service failures and how effective they feel their service recovery strategies are,— to further validate customer perceptions. This approach would obtain new findings and provide more comprehensive information regarding the service failures and service recovery in the online fashion industry.

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## APPENDICES

## **Appendix A**

### **Research Information Sheet**

#### **AN EVALUATION OF ONLINE SERVICE FAILURES AND RECOVERY STRATEGIES IN THE UK FASHION INDUSTRY**

You are invited to take part in this research as an interviewee. Before I go any further, please read this information sheet and understand what you might expect to do and what it will involve. Please feel free to ask me if you need further information and consider if you want to take part or not in this research study. The purpose of this research is to examine customers' perspectives of online service failures and recovery strategies in the UK fashion Industry and its implications for service managers. It is purely for academic use only. The project will be carried out in the busy festive period of November/December, 2016.

Participants' selection will be based on purposive sampling, i.e. customers who have had bad experiences of online service failures and recovery performances from the past year. Participation in this study is absolutely voluntary and if you wish to take part, you will need to read and sign a letter of consent which will be given to you later. However, you may also withdraw at any time during the interview without penalty or legal rights being affected. The researcher undertakes to protect participants including himself from any physical and psychological harm, not to, for instance, undertake data collection anywhere that is obviously unsafe and making sure that participants have an opportunity to discuss any uncomfortable issues outside the data collection setting.

Please be also assured that the information derivable from this interview will be kept confidential. That means my final report will not identify who anyone is (the data will be anonymised, for example date of birth changed to age range, job title changed to general occupational sector) ensuring that there is no way to trace individual responses back to the person who provided them. Also, the interview will be audio-taped with permission and not accessed by others. This will make recalling accurately what you say much easier. If you do not wish me to do this please say and I will then make hand-written notations instead. The interviewees will be thanked for their participation and told how they can get any further information about the project or research. They will also be told how to contact the research team if they need to later.

If you agree to take part, the interview will be conducted at a convenient time and place chosen by you and will last for approximately 20 to 30 minutes in duration. The interview will ask questions on the level of online dissatisfaction related to purchases and sequences used by retailers to recover online service failure. For example, please recall the event of a dissatisfying service you have experienced. How did the online retailer handle this issue? What was the recovery strategy that the retailer offered for that specific issue? Do you think the service recovery led to your satisfaction or dissatisfaction? How did you behave after the service recovery?

It is hoped that your participation will generate data for analysis on the subject matter of study and the findings will help to improve service recovery management.

For the online questionnaire, all of the relevant information will be given in the first page of the survey or, indeed, on the email containing the link to the survey questionnaire. This will follow the pattern of a paper-based information sheet, and cover the identity of the researcher, contact details, the reason for conducting the survey, the uses to be made of the data and so on. The consent procedure will also be carefully considered. This will be addressed by presenting the items normally found on a paper-based consent form such that the items will be endorsed before the next page can be opened. Instructions and information will be clear to ensure that people can fill them in correctly. The wording of the questions will be taken care of so that they will not be perceived as being judgemental and people can answer them without embarrassment.

Similarly, for the online questionnaire participation is voluntary. You may refuse to take part in the research or exit the survey at any time without penalty. You are free to decline to answer any particular question you do not wish to answer for any reason and can ask for your data to be removed from the study where practical. Again, people will not be identifiable when presenting the findings. The data will be anonymised to protect participants and to ensure that questionnaires cannot be linked back to an individual in any way. For instance, in order to ensure that participants' data is confidential, a code/pseudonym is assigned to each randomly. In addition, participants' names and contacts will be stored securely and separately from research data and never disclosed to any third party.

The research is not funded, hence the research was approved by the faculty research committee (FREC), University of Plymouth Faculty of Business.

If you are dissatisfied with the way the research is conducted, please contact the principal investigator in the first instance: telephone number, 07984 461836. If you feel the problem has not been resolved, please contact the chair to the faculty of business ethics committee: Dr James Benhin on 01752 584979/585888.



## **Appendix B**

### **Consent Form**

#### **PhD in Business with Management**

#### **AN EVALUATION OF ONLINE SERVICE FAILURES AND RECOVERY STRATEGIES IN THE UK FASHION INDUSTRY**

I have read the information sheet from the researcher for this study and have had the details of the objectives of the study explained to me. My questions about the study have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I also understand that I am free to withdraw from the study at any time, or to decline to answer any particular question in the study and ask for my data to be destroyed if I wish.

I agree to provide information to the researchers under the conditions of confidentiality set out on the information sheet for participants.

-----

If you are willing to participate in this study, I would appreciate it if you would sign this consent below and return it to me before the interview.

Name: .....

Signature: .....Date: .....

Samuel Ayertey (Researcher) Signature: .....

Date: .....

For further information, please contact:

**Researcher name and contact information:**

Samuel Baah Ayertey (PhD Candidate)

Mast House

School of Management, Plymouth Business School

Plymouth University

PL4 8AA

[samuel.ayertey@plymouth.ac.uk](mailto:samuel.ayertey@plymouth.ac.uk) +44/0 7984 461836

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## **Appendix C**

### **Cover Letter**

#### **PhD in Business with Management**

#### **AN EVALUATION OF ONLINE SERVICE FAILURES AND RECOVERY STRATEGIES IN THE UK FASHION INDUSTRY**

**Dear Sir/Madam,**

I am a postgraduate researcher at the school of business, University of Plymouth in the United Kingdom, currently undertaking a PhD research project on the topic “An Evaluation of Online Service Failures and Recovery Strategies in the UK Fashion Industry” under the supervision of Professor Kerry Howell. This is an invitation to you to participate in my thesis.

I am interested in your experiences of online service failure and recovery in the UK fashion industry and your responses are important in enabling me to obtain as full an understanding as possible of this topical issue. The interview seeks your cooperation to give your valuable opinion and brief explanations which will contribute to the success of this research.

You can be absolutely sure that all information including recorded data you provide is strictly confidential and is used for academic research purposes only.

The findings from your interview and others will be used as the main data set for my thesis at Plymouth University.

Thank you in advance for your help.

Yours sincerely,

.....

Samuel Baah Ayertey

(PhD Candidate)

[samuel.ayertey@plymouth.ac.uk](mailto:samuel.ayertey@plymouth.ac.uk) +44/0 7984 461836

## **Appendix D**

### **Semi-Structured Interview Guidelines**

#### **AN INTERVIEW OF EXPERIENCES REGARDING ONLINE SERVICE FAILURES AND RECOVERY STRATEGIES IN THE UK FASHION INDUSTRY**

##### **Semi-Structured Interview Questions**

**Question 1:** What types of service failures do you experience when shopping on the Internet?

**Question 2:** What was or were the cause(s) of the service failure?

**Question 3:** Please describe the nature of response to the service failure, i.e. what did they do about it?

**Question 4:** Were you satisfied or dissatisfied with the online fashion retailer's attempt of recovery?

**Question 5:** How did you make your complaint to the online fashion retailer?

**Question 6:** Would you say social media is a place to complain about a service failure?

**Question 7:** Do you intend to switch or remain shopping on the Internet with the online fashion retailer in case of improved service?

**Question 8:** What type of response would you have expected from the online fashion retailer?

## **Appendix E**

### **Consent Form for Online Survey Questionnaire**

**Dear Sir/Madam,**

You are invited to participate in a web-based online survey on an evaluation of online service failure and recovery strategies in the UK fashion Industry conducted by Samuel Ayertey, a student at Plymouth University. The research is for academic purpose only. The 17-item survey should take approximately 15-20 minutes to complete.

Your participation in this survey is voluntary. You may refuse to take part in the research, exit the survey at any time without penalty or ask for your data to be destroyed and/or removed from the project. You are free to decline to answer any particular question you do not wish to answer for any reason. You will receive no direct benefits from participating in this research study. However, your responses may help me learn more about online service failures and recovery in the UK fashion industry and your responses are important in enabling me to obtain as full an understanding as possible of the subject matter.

Your survey answers will be sent to a hyperlink at survey-building software Qualtrics ([www.qualtrics.com](http://www.qualtrics.com)) where data will be stored in a password-protected electronic format. Qualtrics does not collect identifying information such as your name, email address or IP address, and there is no way of tracing respondents or any possibility of invading privacy. Therefore, your responses will remain anonymous and I am seeking your consent to use the questionnaire to generate data for analysis on the subject matter of study. No one will be able to identify you or your answers in the research findings, and no one will know whether or not you participated in the study.

At the end of the survey you will be asked if you are interested in participating in an additional interview by phone, by email, or in person. If you choose to provide contact information such as your phone number or email address, your survey responses may no longer be anonymous to the researcher, but be assured that all data is guaranteed to be confidential. Questionnaires would be identifiable by a unique identifier (e.g. codes/pseudonyms) to ensure that the research projects do not include data that could

lead to the identification of participants. Again, no names or identifying information would be included in any publications, research report or presentations based on these data, and your responses to this survey will remain confidential. Personal data, consent forms etc would be managed with special care, kept securely and not disclosed to any third parties.

It would be highly appreciated if the questionnaire were completed as soon as possible and returned via email. If you have questions at any time about the study or the procedures, you may contact my research supervisor, Professor Kerry Howell via [kerry.e.howell@plymouth.ac.uk](mailto:kerry.e.howell@plymouth.ac.uk) or on +44/0 1752 585704.

If you feel you have not been treated according to the descriptions in this form, or that your rights as a participant in research have not been honoured during the course of this project, or you have any questions, concerns, or complaints that you wish to address to someone other than the investigator, you may contact the faculty of business, University of Plymouth, Drake Circus, Plymouth. PL4 8AA or email [FOBResearch@plymouth.ac.uk](mailto:FOBResearch@plymouth.ac.uk)

## Appendix F

### Survey Questionnaire

#### **AN EVALUATION OF ONLINE SERVICE FAILURES AND RECOVERY STRATEGIES IN THE UK FASHION INDUSTRY**

**Question 1:** Please, do you use the Internet?

.....

**Question 2:** How often do you use the Internet?

.....

**Question 3:** Please recall one incident when you experienced a service failure while shopping on the Internet and briefly summarise the type or nature of the problem below.

.....

.....

**Question 4:** What was or were the cause(s) of the service failure?

.....

.....

**Question 5:** After your experience did you use the services of the online fashion retailer again? Please briefly explain.

.....

**Question 6:** How did you react to the failure of services provided by the online fashion retailer?

.....

**Question 7:** Did you complain to the online retailer. Please briefly explain

.....

**Question 8:** Would you say that social media is an avenue for complaining about experiences of a service failure? Please briefly explain.

.....

**Question 9:** Can you briefly describe the fashion retailer's response to the service failure, i.e. what did they do to correct the failure?

.....

**Question 10:** Were you satisfied with the response of the online retailer to the service failure? Please briefly explain.

.....

**Question 11:** What type of response would you have expected from the online fashion retailer to deal with the service failure?

.....

**Question 12:** Would you switch or still shop online with the online fashion retailer? Please briefly explain.

.....

**Question 13:** What is your gender?

- Male
- Female

**Question 14:** What is your age range?

- 18-24
- 25-34
- 35-44
- 45 and over

**Question 15:** What is your educational level?

- Basic/elementary/secondary
- Bachelor degree
- Postgraduate
- Others (Please specify)

.....

**Question 16:** How would you describe your occupation?



.....

**Question 17:** Do you have any further information you would like to add?

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I sincerely appreciate your time and co-operation in completing this questionnaire. Confidentiality is assured. I would also be grateful if you could indicate your interest for a follow-up interview by leaving your contact details.

Name:.....Email:.....

Thank you!